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SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, MARCH 9, 2010
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - February 9, 2010

3. **PUBLIC COMMENT ON EXECUTIVE SESSION**

4. **EXECUTIVE SESSION**

 A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

 (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

 a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

03-05-10P12:59 RCVD

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- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: _____Price ____Terms of Payment _X_ Both
The Commission found the non-Port parties identified above qualified based on their responses to a Request for Proposals for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. In this executive session, the Port intends to seek direction from the Port Commission on matters that may affect exclusive negotiations now underway.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- Sunday Streets – March 14, 2010 from 10 a.m. to 3 p.m. in Embarcadero starting at Fisherman's Wharf and Pier 39, south to China Basin and Terry Francois Boulevard
- Fisherman's Wharf Celebrates San Francisco Sunday Streets on March 14, 2010 from 10 a.m. to 3 p.m. with a Family Fitness Fair in the heart of the Wharf, at Powell & Jefferson Streets
- Honoring the 150th anniversary of the arrival of the Kanrin Maru, the first Japanese ship that sailed to the United States from Japan – March 17, 2010

B. Request approval of a resolution congratulating the BMW/Oracle Racing team on their victory and expressing strong support for holding the defense of the 34th America's Cup on the San Francisco Bay. (Resolution No. 10-10)

8. CONSENT

A. Request approval of the Port's $38.5 Million Biennial Capital Project Budget for Fiscal Years 2010-11 and 2011-12. (Resolution No. 10-08)

B. Request approval of the Port's 10-Year Capital Plan for Fiscal Years 2011-20 Update. (Resolution No. 10-09)

9. FINANCE AND ADMINISTRATION

A. Request approval of the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12. (Resolution No. 10-07)

10. MARITIME

A. Informational presentation regarding Environmental Investigations and Interim Remedial Measures conducted by Pacific Gas & Electric, Inc., in the vicinity of the Potrero Power Plant, south of Pier 70.

11. PLANNING AND DEVELOPMENT

A. Informational presentation on the comments received and proposed revisions to complete the Pier 70 Preferred Master Plan and on the Pier 70 Development Solicitation Process.

B. Request approval of the Schematic Design Concept for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard. (Resolution No. 10-12)

12. ENGINEERING

A. Informational presentation on the Concept Design for the Mission Bay Shoreline Protection for Bayfront Park Project.

B. Request authorization to award Construction Contract No. 2736, Marine Structural Project II, for repairs of the Hyde Street Harbor Fuel Dock Substructure and the Ferry Building North Public Plaza in an amount not-to-exceed $1,471,000 plus a 10% Contingency ($147,100), for a total amount of $1,618,100. (Resolution No. 10-11)

13. REAL ESTATE

A. Request approval of Lease No. L-14630 with D & G Company, LLC, for a fifteen and one-half years (plus a five-year extension option) restaurant lease for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors' approval (Resolution No. 10-13) and companion Sidewalk Encroachment License No. 14651 subject to Port Commission approval. (Resolution No. 10-14)

B. Request approval of Harbor Traffic Code Amendment to make Article 3, Section 32 (b) consistent with the Port Commission's directive in Resolution 93-128, by clarifying that the Executive Director is authorized by the Port Commission to issue licenses to pedicabs wishing to operate on Port property. (Resolution No. 10-15)

C. Informational presentation revising and updating the Port's Pedicab Licensing Program to incorporate current City and Port requirements and create a new queuing site.

14. NEW BUSINESS

15. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

16. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational presentation on the Port's environmental investigation of the Pier 70 Master Plan area (March 23, 2010)
- Request for authorization to execute an agreement with the U.S. Army Corps of Engineers for environmental review, design, and construction services related to the proposed Brannan Street Wharf project for an estimated not-to-exceed amount of $2,350,000 (March 23, 2010)
- Request approval to consent to three (3) subleases and one (1) sublicense between Blue and Gold Fleet, L.P. and related subtenants and sublicensee located at Pier 41 (March 23, 2010)
- Request adoption of the Port's Maritime Excursion Lease Renewal Policy (March 23, 2010)
- Informational presentation on Pier 27 Cruise Terminal and Open Space Project (April 13, 2010)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a five-year restaurant lease for premises located at 2890 Taylor Street (April 13, 2010)
- Request authorization to issue a development solicitation for the Pier 70 Project (April 13, 2010)
- Request authorization to issue RFP for Hazardous Building Materials Assessment and Related Consulting Services (April 13, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (April 13, 2010)
- Request authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project (April 13, 2010)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (April 13, 2010)
- Informational presentation regarding proposed increases to ferry and excursion landing fees (April 27, 2010)
- Informational Update on Retail Leasing Policy (Date to be determined)
- Request adoption of the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions (Date to be determined)
- Request approval of an amendment to the Rincon Park maintenance agreement (Date to be determined)
- Request approval of the conceptual design for the Heron's Head Park Entrance Expansion/Improvement Project (Date to be determined)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)

- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM FEBRUARY 5 TO MARCH 4, 2010:

- From Freebairn-Smith & Crane, Warm Greetings and Best Wishes for 2010
- From the San Francisco Bar Pilots, invitation to the Christening of the PV Drake, on February 17, 2010 at 11 a.m. at Pier 9
- From Port staff, copy of a letter to the Budget Analyst regarding Holdover and Month-to-Month Leases
- From David Perry, invitation to the USS Potomac cocktail reception (and optional Bay cruise) to launch the Potomac's new video and public service campaign featuring President Roosevelt's grandson Curtis Roosevelt on March 3, 2010
- From Port staff, copy of brochure regarding Southern Waterfront – General Obligation Bond and Open Space Planning Projects
- From Port staff, copy of brochure regarding Pier 70 - San Francisco's Next Waterfront Transformation
- From SF Bay Conservation and Development Commission, March 4, 2010 BCDC Meeting Notice with regard to the public hearing and vote on permit application No. 9-06, Exploratorium and the Port of San Francisco for relocating the Exploratorium to Piers 15 and 17
- From Mayor Gavin Newsom and Japanese Consul General Yasumasa Nagamine, invitation to the Kanrin Maru 150th Anniversary Plaque Dedication Ceremony on March 17, 2010 at Pier 9
- From Marky Lynn Quayle, letter of support to save and restore the Bluepeter Building
- From Christopher Cole, letter of support to save and restore the Bluepeter Building
- From Audrey Cole, letter of support to save and restore he Bluepeter Building
- From Katharine Doumani, letter of support to save and restore the Bluepeter Building
- From John deCastro, letter of support to save and restore the Bluepeter Building
- From Janet Carpinelli, letter of support to save and restore the Bluepeter Building
- From Lorraine Vinson, letter of support to save and restore the Bluepeter Building
- From Sean Burgess & Lee Faller, letter of support to save and restore the Bluepeter Building
- From Ellen Kernaghan, letter of support to save and restore the Bluepeter Building
- From David Glober, letter of support to save and restore the Bluepeter Building
- From Vanessa Aquino, letter of support to save and restore the Bluepeter Building
- From Tony Kelly, letter of support to save and restore the Bluepeter Building

MARCH/APRIL 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Mar. 23	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Apr. 13	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Apr. 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-10

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, In 1848, Queen Victoria authorized the creation of a "One Hundred Guinea Cup" of solid silver (134 oz.), 27" tall for a yacht race "open to all nations;" and

WHEREAS, In 1851, one American boat challenged 16 English ships. The "Royal Yacht Squadron" of Cowes, England was the host. The New York Yacht Club entry was the schooner "America." W.H. Brown, the designer, was so confident of his design that he refused payment if "America" did not win. The America held a great lead and was assured victory around the Isle of Wight over the 16 other yachts causing the Queen to ask, "Who is first?" "America" has won, she was told. "Who was second?" asked the Queen. The reply still echoes – "Your Majesty, there is no second;" and

WHEREAS, In 30 defenses since then, the interplay of national pride, fierce competition, wide-ranging brilliant designs, and now modern technology, have kept the cup very much alive. The 132 years of successful defense by the New York Yacht Club remains the longest record in sports history. Sir Thomas Lipton tried for 31 years to win The Cup, commencing in 1899. From schooners, to J-boats, to 12 meters to the current IOAC designs, men's brains, wits, skills and money have been locked in sea-swept combat; and

WHEREAS, Originally named the Royal Yacht Squadron Cup, it became known as the "America's Cup" after the first yacht to win the trophy, the schooner *America*; and

WHEREAS, The America's Cup is a competition between the defending champion and the winner of a series of preliminary races that determine the challenger; and

WHEREAS, Under rules set forth in the Deed of Gift, created in the late 1800s to govern the terms of the race, the ownership of the America's Cup and the responsibility of staging the event go to the winning team that includes all rights to the event, from the marks, broadcast rights and merchandise to event hospitality and sponsorship sales; and

WHEREAS, The challenger BMW/ORACLE Racing team beat the defender Alinghi of Switzerland 2-0 and won the Cup for the San Francisco Golden Gate Yacht Club in February 2010 in Valencia, Spain and it returned to the United States for the first time since 1995; and

WHEREAS, The trimaran (a sailboat with three hulls arranged side by side) is owned by Silicon Valley maverick Larry Ellison and steered by Jimmy Spithill of Australia, the black-and-white USA literary flew over the Mediterranean Sea along the Spanish coast on Friday, February 12, 2010, powered by a radical, 223-foot wing sail; and

WHEREAS, Based on estimates in the sailing industry, the America's Cup accounts for nearly $3 billion during each race cycle spent on building boats and money generated from hospitality, sponsorship, television and merchandise; and

WHEREAS, The San Francisco Golden Gate Yacht Club has confirmed Club Nautico di Roma as the challenger of record for the 34th America's Cup; and

WHEREAS, Holding the America's Cup Race on the San Francisco Bay will bring significant major sporting event income into the local economy from teams' operating expenditures and increased private and corporate tourism to watch races on the same order of magnitude as the Olympic Games, Super Bowl or World Cup; and

WHEREAS, Having the America's Cup Race on the San Francisco Bay would continue and support San Francisco's already high profile as one of the top destinations in the world and the Port's mission of attracting more visitors to the waterfront and the Bay Area; and

WHEREAS, Unlike the Super Bowl or Olympic Games, the distinct possibility exists for the America's Cup to be held twice in a row at the same venue; and

WHEREAS, That the Port Commission hereby supports the defense of the 34th America's Cup to be held in San Francisco; and now therefore be it

RESOLVED, That the Port Commission congratulates the BMW/ORACLE Racing team on winning the Cup and returning it to the United States; and be it further

RESOLVED, That the Port Commission, in partnership with Mayor Gavin Newsom's Office and with the support of the entire city family, will do everything possible to secure a San Francisco venue suitable for the hosting of the 34th America's Cup on the San Francisco Bay, and be it further

RESOLVED, That the Port Commission directs Port staff to send a letter congratulating the BMW/ORACLE Racing team on their victory and expressing strong support to bring America's Cup, the oldest and most prestigious international trophy competition for sailing, to the San Francisco Bay in the next couple of years; and recognizing the good work of the San Francisco Golden Gate Yacht Club.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 3, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer

Executive Director

SUBJECT: Request Approval of the Port's $38.5 Million Capital Project Budget for Fiscal Years 2010/11 and 2011/12

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Two Year Budget
On November 3, 2009 the voters of San Francisco approved Proposition A, that among other things, amended Charter Section 9.100 to require the City to adopt a new rolling two year budget cycle. As a result of the Proposition A, each year the City will adopt a new biennial budget. The Port, along with the San Francisco Public Utilities Commission and Airport were selected to be the first departments to implement the new two year budget beginning with fiscal year 2010/11. All other City departments will implement the two year budget in fiscal year 2011/12. Since the Port's annual capital project budget is a component, together with the operating budget, of the Port's annual budget, the Port is required to adopt a two year capital budget.

Proposed Capital Project Budget
Attached is the Capital Project Budget that Port staff is proposing for fiscal years 2010/11 and 2011/12. The proposed budget for capital projects for these two fiscal years, as detailed in Exhibit I, totals $38,456,881, allocated as follows: $25,913,881 for capital projects in fiscal year 2010/11, and $12,543,000 for capital projects in fiscal year 2011/12.

Over the past several months, the Executive Director, the Capital Project Budget Committee (CPBC) (comprised of the Port's Deputy Directors and the Chief Harbor Engineer), and other key Port staff met to review and prioritize capital project funding

This Print Covers Calendar Item No. 8A

requests for fiscal years 2010/11 and 2011/12 that were submitted by the Port's Divisions. The Executive Director and CPBC used the following criteria to determine which projects to recommend to the Port Commission for funding: (i) health and safety issues; (ii) completion of funding for projects that are currently underway; (iii) preservation of Port assets; (iv) prevention of loss of revenue to the Port; v) maintenance of Port facilities; and (vi) revenue generation. Funding for these proposed projects will be provided by the unappropriated balance from the Port's operating funding.

Proposed Capital Project Budget Funding Sources

For fiscal year 2010/11, Port finance staff estimates that $9,557,000 in funding will be available to fund capital projects. This funding consists of $9,007,000 in currently available funding, plus $550,000 from an environmental payment from Transbay Cable LLC which is due upon commencement of cable operations, anticipated in the spring of 2010. (The company is required to make annual environmental payments of $550,000 for the next ten years.) For fiscal year 2011/12, Port finance staff estimates that $12,543,000 in funding will be available for capital projects. This funding consists of $7,522,040 in estimated funding plus $550,000 from the annual Transbay Cable payment, and $4,470,960 representing monies appropriated in fiscal year 2009/10 for debt service of Port revenue bonds that will not be spent. These unspent debt service funds are the result of the following: i) funds for the final payment on the Port's 2004 revenue bonds that were retired on July 1, 2009 were appropriated and paid to the bond trustee fiscal year 2008/09, and ii) as a result of a later bond issuance date, no payment on the Port's newly issued 2010 revenue bonds is due in fiscal year 2009/10.

Funding for Capital Projects

Sources	FY 2010/11	FY 2011/12	Two Year Total
Operating Funds From Prior Fiscal Year End Close	$9,007,000	$7,522,040	$16,529,040
Unspent Debt Service Funds		$4,470,960	4,470,960
Transbay Cable payment	550,000	550,000	1,100,000
Total Operating Funding	$9,557,000	$12,543,000	$22,100,000

The proposed Capital Project Budget also includes $16,217,425 in additional funding in fiscal year 2010/11 for capital projects to develop the Port's waterfront parks, and additional funding for the Pier 27 cruise terminal project. Funding for the waterfront parks projects will come from the third issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond that is currently scheduled for the spring of 2011. Funding of $139,456 for the Pier 27 cruise terminal project will come from the Port's newly issued 2010 revenue bonds.

Proposed Capital Project Budget Expenditures

The capital project budget expenditures that staff is proposing for fiscal years 2010/11 and 2011/12, shown in Exhibit I hereto, includes Port funding for: (i) the Port's maintenance dredging program for the next two years; (ii) the clean up, stabilization and repairs of the historic buildings located at Pier 70; (iii) repairs to the roof and windows of building 2 at Pier 70; (iv) installation of a new forced sewer main on Amador street; (v) repair, upgrades and replacement of elevators and escalator systems located in various Port

facilities; (vi) the development of new open spaces and improvements to existing open spaces located in the Port's southern waterfront; and vii) alternative energy projects that meet guidelines outlined in the Port's lease agreement with Transbay Cable.

Also included in the proposed capital project budget for fiscal years 2010/11 and 2011/12 is additional Port funding for: (i) a capital project established to make physical improvements to Port facilities to make them more accessible to the disabled; (ii) capital projects established to repair the pier structures and utility infrastructure of Port facilities; (iii) a capital project to fund capital improvements needed as part of the leasing process; (iv) a capital project established to repair sewer pumps along the Port's waterfront; v) a capital project established to drydock and repair the floats located at the Port's ferry terminals; vi) a capital project established to remove a portion of the sidewalk in front of Pier 33 that protrudes into The Embarcadero roadway; vii) a capital project established to paint, weatherproof and upgrade the windows of Roundhouse 2; and viii) a capital project established for greening and beautification projects at sites located in the southern waterfront. The additional funding proposed for this project will cover the Port's expected obligations generated by leasing activity projected over the next two years.

The proposed capital project budget also includes funding in fiscal year 2010/11 from the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond for: i) construction of a series of open spaces improvements and parks located in the southern waterfront; and ii) the final phase of construction of a new public promenade located in Fisherman's Wharf.

Finally, the proposed capital project budget includes a small amount of additional funding in fiscal year 2010/11 from the newly issued 2010 Port revenue bonds for the Pier 27 cruise terminal project. The balance of the Series 2010 Revenue Bond money was appropriated by the Port Commission at its October 13, 2009 meeting and by the Board of Supervisors at its December 8, 2009 meeting.

Recommendation

Based on the Port's existing capital project needs and identified funding sources, Port staff submits to the Port Commission the attached proposed Capital Project Budget for fiscal years 2010/11 and 2011/12 and recommends its approval for submission to Mayor Gavin Newsom's office and the City Capital Planning Committee, as detailed in the proposed resolution attached to this memorandum. Port staff will return to the Port Commission this Summer to report on the adopted Capital Project Budget for fiscal years 2010/11 and 2011/12, detail any changes for Port Commission approval made by staff, the Mayor, or the Board of Supervisors.

Prepared By: Lawrence Brown, Financial Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-08

WHEREAS, The Port estimates that it will have $9,557,000 in available funds for capital projects in FY 2010/11 held in its Operating Fund consisting of the following: (1) $9,007,000 derived from the 2008/09 fiscal year end fund balance; and (2) $550,000 from an environmental payment from Transbay Cable LLC which is due upon the commencement of cable operations, anticipated in the spring of 2010; and

WHEREAS The Port estimates that it will have $12,543,000 in available funds for capital projects in FY 2011/12 held in its Operating Fund consisting of the following: (1) $7,522,040 derived from an estimated 2009/10 fiscal year end fund balance; (2) $550,000 from an environmental payment from Transbay Cable LLC; and (3) $4,470,960 representing funding appropriated in fiscal year 2009/10 for debt service of Port revenue bonds that will not be spent; and

WHEREAS, $16,217,425 in funding from the third issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond will be available for Port waterfront park capital projects; and

WHEREAS, $139,456 in unappropriated funding from the issuance of Port Revenue Bonds, Series 2010A&B is available for the Pier 27 Cruise Terminal capital project; and

WHEREAS, Port staff recommends the allocation of $9,577,000 in Port funding for Fiscal Year 2010/11 for the following capital projects:

Pier 3 to 35 Curb Cut Project
Roundhouse Paint, Weatherproofing and Window Upgrade
Ferry Terminal Float Repairs
Pier 70 Historic Buildings Clean-up
Pier 70, Building 2 Repairs
Pier 70 Historic Buildings Stabilization and Repairs
Pier 80 Crane Painting & Upgrade Project
Amador Street Forced Sewer Main and Pump Station
Southern Waterfront Greening and Beautification Improvements
Southern Waterfront Open Space Enhancements/Alternative Energy
Dredge Materials Testing – FY 2010/11 Program
Maintenance Dredging – FY 2010/11 Program
Port ADA Transition Plan
Pier Structures Repair Project, Phase II
Utilities Project
Leasing Capital Improvement Project
Port Elevators/Escalator Upgrade, Repair and Replacement; and

WHEREAS, Port staff recommends the allocation of $12,543,000 in Port funding for Fiscal Year 2011/12 for the following capital projects:

Ferry Terminal Float Repairs
Pier 70 Historic Buildings Clean-up
Amador Street Forced Sewer Main and Pump Station
Southern Waterfront Greening and Beautification Improvements
Southern Waterfront Open Space Enhancements/Alternative Energy
Dredge Materials Testing – FY 2011/12 Program
Maintenance Dredging – FY 2010112 Program
Port ADA Transition Plan
Pier Structures Repair Project, Phase II
Utilities Project
Waterfront Sewer Pump Project
Leasing Capital Improvement Project
Port Elevators/Escalator Upgrade, Repair and Replacement; and

WHEREAS, Port staff recommends $16,217,425 in funding from the second issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond for the following waterfront park capital projects:

Pier 43 Bay Link Trail
Blue-Greenway Parks Construction; and

WHEREAS, Port recommends $139,456 in funding for Fiscal Year 2010/11 from the issuance of Port Commission of the City and County of San Francisco Series 2010A&B Revenue Bonds for the Pier 27 Cruise Terminal capital project; and

WHEREAS, Staff has designated each of the capital projects identified above a high priority; and

WHEREAS, The proposed Capital Project Budget is described in greater detail in the staff's memorandum to the Port Commission, dated March 3, 2010 accompanying this Resolution and on file with the Secretary of the Port Commission; and

WHEREAS, Staff recommends the approval of the Capital Project Budget for Fiscal Year 2010/11 and 2011/12 in the amount of $25,913,881 for Fiscal Year 2010/11 and $12,543,000 for Fiscal Year 2011/12, for the capital projects described above; and now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the funding of $9,577,000 from the Operating Fund for FY 2010/11, $12,543,000 in funding from the Operating Fund for FY 2011/12, $16,217,425 in funding for FY 2010/11 from the third issuance of the City's 2008 Clean and Safe Neighborhood Parks General Obligation Bond, and $139,456 in funding for FY 2010/11 from the issuance of Port Commission of the City and County of San Francisco Series 2010A&B Revenue Bonds to fund the capital projects identified in this Resolution; and, be it further

RESOLVED, That the Port Commission hereby approves the Capital Project Budget for Fiscal Years 2010/11 and 2011/12 in the amount of $25,913,881 for Fiscal Year 2010/11 and $12,543,000 for Fiscal Year 2011/12; and, be it further

RESOLVED, That staff is directed to submit the Capital Project Budget for Fiscal Years 2010/11 and 2011/12 in the amount of $25,913,881 and $12,543,000; respectively, to Mayor Gavin Newsom and the Board of Supervisors for approval; and, be it further

RESOLVED, That after submittal of the Capital Project Budget to Mayor Gavin Newsom and/or the Board of Supervisors, the Executive Director may make such changes to the budget that the Executive Director deems to be in the Port's best interest; and, be it further

RESOLVED, That after the Capital Project Budget has been approved by Mayor Gavin Newsom and the Board of Supervisors, staff will return to the Port Commission to report on any material changes to the Capital Project Budget.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 2010.

Secretary

EXHIBIT I

Capital Projects
Proposed Funding for FYs 2010/11 and 2011/12

	FY 2010/11	FY 2011/12	Two Year Funding Total
Projects Funded from Port Operating Fund Balance			
Northeast Waterfront:			
Pier 33 to 35 Curb Cut Project – Add'l Funding	75,000	0	75,000
Roundhouse Paint, Weatherproofing and Window Upgrade	200,000	0	200,000
Ferry Building Area & South Beach:			
Ferry Terminal Float Repairs – Add'l Funding	350,000	350,000	700,000
Southern Waterfront:			
Pier 70 Historic Buildings Clean-Up	100,000	50,000	150,000
Pier 70, Building 2 Repairs	1,200,000	0	1,200,000
Pier 70 Historic Buildings Stabilization & Repairs	500,000	0	500,000
Pier 80 Cargo Cranes Painting & Upgrade Project – Add'l Funding	200,000	0	200,000
Amador Street Forced Sewer Main & Pump Station	450,000	1,000,000	1,450,000
Southern Waterfront Greening/Beautification Improvements	205,000	150,000	355,000
Southern Waterfront Open Space Enhancements/Alternative Energy	550,000	550,000	1,100,000
Portwide Projects:			
Dredge Materials Testing FYs 2010/11 & 2011/12 Programs	409,000	731,000	1,140,000
Maintenance Dredging FYs 2010/11 & 2011/12 Programs	1,873,000	2,987,000	4,860,000
Port ADA Transition Plan – Add'l Funding	150,000	200,000	350,000
Pier Structures Repair Project, Phase II – Add'l Funding	2,500,000	5,600,000	8,100,000
Utilities Project – Add'l Funding	245,000	175,000	420,000
Waterfront Sewer Pump Project, Phase II – Add'l Funding	0	100,000	100,000
Leasing Capital Improvement Project - Add'l Funding	150,000	150,000	300,000
Port Elevator/Escalator Upgrade, Repair, and Replacement Project	400,000	500,000	900,000
Projects Funded From Operating Fund Balance - Total	*$9,557,000*	*$12,543,000*	*$22,100,000*
Projects Funded from G.O. Park Bonds			
Fisherman's Wharf:			
Pier 43 Bay Trail Link – Add'l Funding	192,800	0	192,800
Southern Waterfront:			
Blue-Greenway Parks - Construction Portion	16,024,625	0	16,024,625
G.O. Park Bond Funded Projects - Total	*$16,217,425*	*$0*	*$16,217,425*
Projects Funded from 2010 Port Revenue Bonds			
Northeast Waterfront:			
Pier 27 Cruise Terminal (planning, design, etc.) – Add'l Funding	139,456	0	139,456
2010 Port Revenue Bond Funded Projects - Total	*$139,456*	*$0*	*$139,456*
Total Proposed Project Funding	**$25,913,881**	**$12,543,000**	**$38,456,881**

CAPITAL PROJECT BUDGETS
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Pier 33 to 35 Curb Cut Project – Add'l Funding	$75,000	$0	The project funds the removal of a portion of the sidewalk in front of Pier 33 that protrudes into The Embarcadero roadway. On cruise ship days, cars and taxis dropping off passengers protrude into a North bound traffic lane of The Embarcadero creating traffic congestion. $200,000 was appropriated in FY 2007/08 for this project. Due to some changes to the project scope requested by the San Francisco Bay Development and Conservation Commission $75,000 in additional funds are now needed to complete the project.
Roundhouse Paint, Weatherproofing and Window Upgrade Project – Add'l Funding	$200,000	$0	This project provides funding for the exterior painting and weatherproofing of the Port facility known as Roundhouse No. 2. The project scope includes sealing and painting the exterior to make the building watertight, replacing the existing single pane windows with new energy efficient windows, and the replacing of old window caulking. The project is broken into two phases. Phase I consists of sealing and painting the south side of the building, and the replacement of approximately one third of the building's single pane windows. Phase II of the project consists of replacing the remaining single pane windows. Initial funding of $200,000 was provided in FY 2008/09 for the first phase of the project. Phase I is currently underway, and $200,000 in additional funding is now needed for Phase II.
Ferry Terminal Float Repairs Project – Add'l Funding	$350,000	$350,000	This project provides funding for drydocking the floats, resurfacing of the float decks, replacing the fender replacement, and electrical repairs. $300,000 in initial funding was provided in FY 2008/09 for fender replacement, and critically needed electrical repairs Additional funding is now needed to complete drydocking the floats and resurfacing of the float decks. The Port's public ferry terminal floats have been in continuous service for nine to ten years and are now in need of overhaul and repairs in order to maintain their safe operation.
Pier 70 Historic Buildings Clean-Up	$100,000	$50,000	This project will fund the clean up of debris within the historic buildings located within the Pier 70 National Historic District. $150,000 in initial funding will be used to clean up debris in Buildings 101, 113, and 104. Funding is also provided to clean up other historic buildings in the Pier 70 National Historic District as needed. Funding is also available for the rental and/or purchase of equipment, as needed to facilitate the clean up. Debris, and waste contribute to increased deterioration of the Pier 70 National Historic District's historic buildings, and limit their marketability. Cleaning up these buildings will help to retard the continued deterioration, and will increase the marketability of these structures to developers.

CAPITAL PROJECT BUDGETS (cont)
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Pier 70, Building 2 Repairs	$1,200,000	$0	The roof and windows of building 2 at Pier 70 are severely deteriorated, permitting significant amounts of water to infiltrate the building during rainstorms. This has lead to interior damage and is preventing several floors of the building from being leased. The water infiltration is also causing damage to structural members of the building that if not repaired will lead to safety concerns. This project will fund the following repairs to Pier 70 Building 2: i) replacement of the roof, ii) repair and/or replacement of windows and window systems, and iii) repair and/or replacement of structural and other elements of the building, as needed. Repair work funded by this project will help to maintain this building as a revenue producing asset for the Port, as well as increasing the amount of leasable space in the buildings, thereby generating increased revenues for the Port.
Pier 70 Historic Buildings Stabilization & Repairs	$500,000	$0	The historic buildings located within the Pier 70 National Historic District are severely deteriorated, and infiltration of the weather into the interiors is leading to continued deterioration. Without the repairs, improvements and stabilization funded by this project, Port Engineering staff and Port consultants believe that there is a high likelihood that these buildings will collapse. This is particularly true of Building 113, which is the most historically significant, and the most in danger of collapse. If any of the District's historic buildings were to collapse, it would negatively impact the Pier 70 National Historic District, and any development opportunity for Pier 70. This project will fund small improvements designed to retard continued deterioration and provide structural reinforcement of the historic buildings located within the Pier 70 National Historic District. Included in the project scope, is shoring of building wall and roof systems, patching of roofs to prevent water infiltration, repair and stabilization of masonry, boarding and securing of windows, and repair of gutters and downspouts. Funding is also provided for the rental or purchase of equipment as needed. $500,000 in initial funding is being provided to provide structural shoring and make minor improvements designed to retard continued deterioration of Pier 70, Building 113.
Pier 80 Cargo Cranes Painting & Upgrade Project – Add'l Funding	200,000	$0	This project provides funding for the repainting of three cargo cranes at the Port's Pier 80 Cargo Terminal, and for the cost of a consultant to develop the following: i) a cost estimate and bid package for the painting of the three cargo cranes and ii) the preparation of a project scope, specifications and cost estimate for the disposal of one crane at Pier 80 and three cranes at Pier 94/96. Project funding is also provided for the abatement and disposal of lead-based paint, and upgrades to handrails & walking platforms required to operate the three cranes that will be painted.

CAPITAL PROJECT BUDGETS (cont)
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Pier 80 Cargo Cranes Painting & Upgrade Project – Add'l Funding (continued)	200,000	$0	$400,000 was provided in FY 2009/10 to paint and upgrade two cranes at Pier 80. $200,000 in additional funding is now needed to paint an additional crane at Pier 80, and for the cost of hiring a consultant to develop a cost estimate for the cranes to be painted, and a project scope and cost estimate for the four cranes to be disposed. Cranes that are no longer needed and no longer maintained represent a health and safety hazard. Painting the cranes that will remain in use protects them against the harsh marine environment. Failure to repaint these cranes will cause deterioration and metal fatigue of vital components required to maintain their structure integrity, and lead to more costly repairs in the future. This work is also required in order to maintain the cranes' operating certification from CAL/OSHA.
Amador Street Forced Sewer Main & Pump Station	$450,000	$1,000,000	This project will finance the installation of a new forced sewer main from the Port's Amador Street pump station to DPW's manhole on Third Street. The Amador Street pump station will also be rebuilt as part of the project scope. The current forced sewer main is very old and breaks frequently causing backed-up drains in tenant spaces. In addition, the pump station is running at maximum capacity. Future increases in tenant effluent loads will likely overtax the system, and lead to increased failure of this sewer line. A new line will provide more dependable sewage service. Completion of the project will also allow the Port to increase the capacity of its sewer pumping system, and help the Port maximize the rental income from its facilities in this area.
Southern Waterfront Greening/Beautification Improvements	$205,000	$150,000	This project provides funding for greening and beautification projects and related improvements for sites located in the Southern Waterfront. On November 17, 2007 the Port Commission adopted a policy that established a Southern Waterfront Community Benefits and Beautification Fund, and a funding mechanism consisting of a revenue set aside from the collection of rent generated by new leasing in the area. To date, $175,000 in funding has been provided for this project. $355,000 is now needed to cover the Port's expected obligation generated by projected leasing activity in FY's 2010/11 & 2011/12. Projects to be funded by this project include: i) planning and design of improvements to beautify the area at Third Street and Cargo Way; ii) a bike and pedestrian improvement pilot project for Cargo Way, iii) public art for the silos at Pier 90; and iv) improvements to Tulare Park. Funding is also provided for other greening and beautification projects for the southern waterfront as needed. The projects and improvements funded by this project will contribute to the quality of life for residents that live in communities that are adjacent to the Port's property in the Southeast part of San Francisco.

CAPITAL PROJECT BUDGETS (cont)
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Southern Waterfront Open Space Enhancements and Alternative Energy	$550,000	$550,000	This project provides funding for the development of new open spaces and improvements to existing open spaces located within the area of the southern waterfront that is the focus of the Port's Blue-Greenway planning process. Projects to be funded may likely include: i) improvements within the Pier 70 project area, Warm Water Cove Park, Islais Creek; ii) public art installation; and iii) detail design for pedestrian and bicycles improvements along Illinois Street and Cargo Way. Funding is provided for the design and construction of open space improvements, including forms of public art. Project funds may also be utilized to support alternative energy projects that meet guidelines outlined in the Port's lease agreement with Transbay Cable.
Dredge Materials Testing – FYs 2010/11 and 2011/12 Programs	$409,000	$731,000	This project will fund the testing of sediments to be dredged for chemical and biological contaminants. This project supports the Port's dredging activities scheduled for FYs 2010/11 and 2011/12 Environmental regulations require chemical and biological testing of the sediments in any area to be dredged in order to determine the amount (if any) of contaminants in the soil. Results of the testing are used to determine the proper disposal site.
Maintenance Dredging – FYs 2010/11 and 2011/12 Programs	$1,873,000	$2,987,000	This project will fund the Port's dredging activities scheduled for FYs 2010/11 and 2011/12. It will fund dredging at Piers 27 and 35, and other berths as needed. Maintenance dredging is necessary for the continued operation of Port maritime facilities. Dredging keeps berths and channels at navigable depths, including sites where the Port has contractual obligations with shipping lines and operators.
Port ADA Transition Plan – Add'l Funding	$150,000	$200,000	This project provides funding for physical improvements to the Port's public facilities to make them accessible to the disabled. Since FY 1998/99, $1,983,961 has been appropriated for this project; almost all of which has been committed for specific ADA projects. Additional funds are now needed for the following: i) curb ramps and sidewalk improvements along the Embarcadero roadway, and in the Fisherman's Warf area; and ii) an exiting study to identify and report deficiencies in the Port's multi-tenant buildings that lack adequate means of accessible egress. Funding is also available for other accessibility repairs and improvements as needed. This project helps the Port meet its goal of making its facilities more accessible to Port tenants and the public.

CAPITAL PROJECT BUDGETS (cont)
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Pier Structures Repair Project, Phase II - Add'l Funding	$2,500,000	$5,600,000	This project funds engineering, permitting, inspection and repair of, or improvements to, the Port's deteriorated pier structures including substructures, superstructures, and marginal wharfs. Funds are also provided for labor and equipment as needed. Since FY 2007/08, $3,014,500 has been appropriated for this project; almost all of which has been committed for pier repair projects. Additional funds are now needed for the following projects: i) long term repairs to Piers 90/92, ii) Piers 94/96 subsidence and seawall repair, iii) repairs to walls of Pier 80, Shed A, and iv) repairs to the Pier 9 north apron. Funding provided will also cover pier-related repairs at other facilities as required. Repairing the Port's pier structures is necessary to ensure: (i) the continued safe operation of the Port's pier superstructures and buildings, (ii) the preservation of lease revenues, and (iii) the extension of the economic life of the Port's pier and marginal wharf assets.
Utilities Project – Add'l Funding	$245,000	$175,000	This project provides funding for necessary utility repair and capacity related improvements to the utility infrastructure servicing various Port facilities. Utilities include electric power, lighting, telephone, gas, HVAC, water, electronic security, sewer and drainage service. This project also funds fire system certification, and needed repairs and improvements to fire and alarm systems at various facilities. Also included is funding for labor and equipment as needed to facilitate the repairs. Since FY 2003/04, $3,075,000 has been appropriated for this project; almost all of which has been committed for specific utility projects. Additional funds are now needed for repairs to the HVAC systems at Piers 26 & 28, and for upgrades to the gas service at Pier 28. Funding provided is also available for utility-related repairs at other facilities as needed.
Waterfront Sewer Pump Project, Phase II – Add'l Funding	$0	$100,000	This project provides funding for the purchase of electric motors, pump, and controls, and related parts & supplies need to: i) repair sewer pumps currently in use along the Port's waterfront; and ii) build a set of backup sewer pumps. Many of the Port's sewer pumps are over 40 years old and beginning to fail. The Port's maintenance staff is constantly moving operating pumps between pump stations in order to maintain sewer service for our tenants and for restrooms located in public access areas. This project will help to make the Port's sewer system more dependable $100,000 was funded in FY 2009/10. An additional $100,000 in funding will be needed in FY 2011/12 to continue the repair of the Port's pump stations and sewer pumps.

CAPITAL PROJECT BUDGETS (cont)
(Port Operating Fund Balance)

Project Name	FY 2010/11	FY 2011/12	Description
Leasing Capital Improvement Project – Add'l Funding	$150,000	$150,000	As part of lease negotiations with Port tenants, or potential tenants, it is sometimes necessary for the Port to make certain improvements to a facility in order to close a lease. This project provides funding for capital improvements needed as part of the leasing process. Improvements financed may include, but are not limited to, electrical and plumbing upgrades, roof repairs, HVAC, structural improvements, ADA upgrades, paving, and fencing. To date, $1,400,000 has been provided for urgent repairs to Pier 19/23 and site improvements to parcels located in the backlands area of the Southern Waterfront. $300,000 in additional funding is now needed to fund capital improvements that may be needed over the next two years at various facilities as part of the leasing process.
Port Elevator/Escalator Upgrade, Repair and Replacement Project	$400,000	$500,000	This project provides funding for the repair, upgrade and replacement of the elevator and escalator systems located in various Port facilities. Included in the project scope are replacement of the control systems, as needed. Funds are also provided for labor and equipment as needed. Most of the Port's elevator and escalator systems are old and in need of significant repair, upgrade; or, in some cases, replacement. In addition, some of the Port's systems do not meet current ADA standards for accessibility. The project will help ensure that the Port's elevators and escalators operate efficiently and safely. It will also bring the Port's elevator and escalators into ADA compliance, and will help ensure that the systems maintain their certification to operate.
Total Proposed Project Funding From Operating Fund Balance	$9,557,000	$12,543,000	

CAPITAL PROJECT BUDGETS
(G.O. Park Bond Funds)

Project Name	FY 2010/11	FY 2011/12	Description
Pier 43 Bay Link Trail – Add'l Funding	$192,800	$0	This project provides funding for a new public promenade in Fisherman's Wharf. Funding is also provided for: i) the removal of the existing piers and sidewalk back to the seawall; ii) the repair of the seawall; and iii) shoreline protection. To date, $7,650,000 has been appropriated for site inspection, design & other soft costs, and construction of the promenade and related improvements. $192,800 in remaining G.O. bond proceeds (to be received when the third sale of G.O. park bond is completed in the spring of 2011 2010?) are now needed to complete the construction of the new public promenade and related seawall repairs.
Blue-Greenway Parks - Construction Portion	$16,024,625	$0	The project provides funding for the construction of a series of open space improvements located in the Port's Southern Waterfront that were identified by the City's 2006 Blue Greenway Task force. Funding for the first phase of Blue-Greenway parks project (consisting of the planning, design, sizing and location of the open spaces) was funded by the companion Blue-Greenway Parks Projects Design project. Construction of Blue-Greenway open space improvements will benefit the City's Southern Waterfront neighborhoods, and continue public waterfront access into the Port's Southern Waterfront area.
Total Proposed Project Funding - G.O. Park Bonds	$16,217,425	$0	

CAPITAL PROJECT BUDGETS
(Port 2010 Revenue Bond Funds)

Project Name	FY 2010/11	FY 2011/12	Description
Pier 27 Cruise Terminal (planning, design, etc.) – Add'l Funding	$139,456	$0	This project provides funding for the planning and design of a new state of the art, sustainable, multi-use cruise terminal at Pier 27. Also included in the project is funding for the installation of equipment and related hardware needed to provide utilities for visiting ships. At its October 13, 2009 meeting the Port Commission approved appropriating $10,000,000 in recently issued Port revenue bonds for this project (the $10,000,000 appropriation was subsequently approved by the Board of Supervisors and signed by Mayor Gavin Newsom). During the process of issuing the 2010 Port revenue bonds (completed February 3, 2010) $139,456 in additional bond funds became available for the Pier 27 cruise terminal project. This funding is now needed for additional costs associated with the project.
Total Proposed Project Funding – Port 2010 Revenue Bonds	$139,456	$0	

PORT OF SAN FRANCISCO

MEMORANDUM

March 3, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Ann Lazarus
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Port's 10-Year Capital Plan for Fiscal Years 2011-20 Update

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

As required by the City's Administrative Code 2.30 – 2.31, Port staff updated its comprehensive 10-Year Capital Plan to address the Port's outstanding capital needs which is due to Mayor Gavin Newsom and the Board of Supervisors on March 1, 2010 and is expected to be adopted through Board of Supervisors legislation by May 1, 2010. As required, Port staff submitted a draft plan to the City's capital planning group in December 2009. The schedule of capital needs and funding sources included with the Port's draft plan submitted to the City is attached to this report. The Port's internal version of the 10-Year Capital Plan, which accompanies this staff report, is a more detailed version of the Port's draft submission to the City's FY 2011-20 Capital Plan.

Overview

The Port's first 10-Year Capital Plan issued in spring 2006 demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – was insufficient to the task. Without new public sources of funding, private sector investment in the Port will not succeed in revitalizing the Port and its historic structures.

This Print Covers Calendar Item No. 8B

However, since 2006, Port staff and the Port Commission have been laying the groundwork for a new approach to financing waterfront improvements.

The proposed 10-year capital plan identifies a total need of approximately $2.1 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is $100 million greater than the approximately $2 billion identified in the Port's FY 2010-19 10-year Capital Plan. This increase is primarily the result of the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF) and incorporated into this plan, as well as the fact that, while most of the 2009 costs went unfunded and became a part of the Port's backlog, a new year of renewal costs has been added to the plan, as it now captures 2020 costs.

The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately $650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge.

Of the $2.1 billion in total need, the Port has identified a total of $688 million in funding including: Port tenant obligations, the Port's operating budget, revenue bonds, development projects, Infrastructure Financing District (IFD) bonds, General Obligation bonds, and the Water Resources Development Act of 2007. While Port staff hope that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding. The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing, and potential private development options.

In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from the Port Commission and the City's policymakers.

At this time, the Port's revenue projections are based on the assumption that new private development at SWL 337 will result 1) in new lease revenues which will allow the Port to issue revenue bonds, as well as 2) an increased value to the property, which will allow the Port to issue IFD bonds. These assumptions would provide the Port with up to $130 million in bond funds.

Summary of Changes – Financing Plan

Last year's report to the Port Commission reflected a great deal of optimism about the first issuance of revenue bonds in more than two decades as well as the future IFD funding.

In contrast to last year's Capital Plan[1], the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected $65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond monies arising from the proposed development, also projected at $65 million, are assigned to projects likely to occur later than 2015.

Another change is that the Port's capital plan now reflects a new federal source of funding, the Water Resources Development Act of 2007. While the Port was successful in seeking this authorizing legislation in 2007, it was not until the Fall of 2009 that appropriations against this authority began to flow to Port projects, with $4.7 million going to assist the Brannan Street Wharf project. Following up on the success of 2009, Port staff have requested that the remaining $20.2 million of that 2007 federal authority be appropriated in 2010 to commence Port capital projects at Piers 35 and 70.

Additionally, Port staff have requested a new federal authority in the currently pending Water Resources Development Act of 2010. While it remains unclear that this authorizing legislation will be completed before the conclusion of 111th Congress of the United States, this funding vehicle looks to be a promising one for the long term.

Conclusion

The Port's 10-year capital plan continues to evolve since its inception four years ago. The Port has used the information that the plan generates to develop and implement several legislative and financing strategies to help redevelop the City's waterfront, fulfill its public trust mission, and reconnect the City with its waterfront. To that end, we have secured two significant pieces of state legislation: one that allows the City to capture tax increment from the Port's development projects and the other that lifted the public trust designation from some of the Port's seawall lots south of the Bay Bridge. We have also been successful in securing San Francisco voters support of $33.5 million in General Obligation bonds to build waterfront parks. In addition, San Francisco's voters last year approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll

[1] Documents for the prior iteration of this report self-identify as for the period of "FY 2009-2018", a years-trailing designation. The Port's first 10-year capital plan preceded the City's, and while the Port began with a years-trailing designation, the City adopted the years-leading convention. The result has been that, since that time, the City and Port capital plans, while covering the same period of time, have been labeled differently. To avoid future confusion, beginning with this plan the Port has adopted the City convention of year's leading. While it may appear that there is a one-year gap between Port 10-year capital plans, going directly from a plan labeled "FY 2009-2018" to one labeled "FY 2011-2020", they are indeed successive annual iterations of the Port's plan.

and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

Last month, the Port issued its first revenue bond in 25 years. On top of this, the prospect of access to sources of federal funding on a scale not previously realized by the Port makes the coming year a very exciting one indeed.

Port Commission Action

Port staff requests Port Commission adoption of the Port's 10-Year Capital Plan, FY 2011-20 Update.

Prepared by: Daley Dunham
Legislative Programs, Grants

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-09

WHEREAS, San Francisco's Administrative Code 2.30 – 2.31 requires City departments to submit a 10-year capital plan to Mayor Gavin Newsom and the Board of Supervisors by March 1st each year; and

WHEREAS, in 2006, the Port of San Francisco completed a 10-year Capital Plan that assessed the Port's capital needs including a review of 39 pile-supported pier structures, 80 substructures including marginal wharfs connecting the piers, 245 commercial and industrial buildings, over three miles of streets and sidewalks, as well as elements of the utility infrastructure that supports them; and

WHEREAS, in 2010, the Port has updated its 10-year Capital Plan which identifies $2.1 billion in required repairs and seismic upgrades over the next 10 years; and

WHEREAS, the Port's 10-year Capital Plan identifies $688 million to fund those repairs and seismic upgrades over the next 10 years through the Port's tenants, development projects, the Port's annual budget, revenue bonds, general obligation bonds and infrastructure financing district bonds, leaving $1.4 billion unfunded in 2020; and

WHEREAS, the Port will update this 10-year capital plan annually to reflect changes in the condition of the Port's facilities as well as changes in budget and financing assumptions; and, now therefore be it

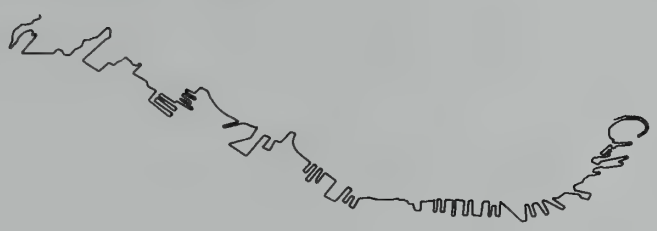
RESOLVED, that the Port Commission hereby adopts the Port's 10-year Capital Plan; and be it further

RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port to submit the Port's 10-year Capital Plan to Mayor Gavin Newsom and the Board of Supervisors by March 1, 2010.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 2010.

Secretary

Port of San Francisco



10-Year Capital Plan

FY 2011-20 Update

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I. Executive Summary

All of the piers currently in use by the Port or Port tenants were originally constructed around 100 years ago. Of those, only nine have been rehabilitated since 1950, including AT&T Ballpark, the Ferry Building, Pier 1, Piers 1½, 3 & 5, Pier 27, Pier 39, Pier 45, Pier 48, and Pier 80. Most of the buildings atop the Port's piers are 40 to 100 years old, making many of them historically significant structures. In recognition of this significance, the National Park Service designated the northeast waterfront, from Pier 45 in the north to Pier 48, as the Embarcadero National Register Historic District. This district includes 20 historic piers as well as eight other structures of historic significance. The Pier 70 area also includes 35 buildings and many other features recognized to be of historical significance. The Port is in conversation with the State Office of Historic Preservation regarding the designation of a portion of the Pier 70 area as a National Register Historic District.

The Port commenced planning and design work on three park projects during 2009, including Bayfront Park, Pier 43 Bay Trail Link and Brannan Street Wharf. Additionally, planning and design work began for a renewed international cruise terminal at Pier 27 and the adjoining Northeast Wharf Plaza, a major new waterfront plaza along the Embarcadero; design and engineering of critical repairs to the superstructure and the substructure of Pier 35 (the Port's current primary cruise terminal); and planning, design and engineering for new industrial leasing pads on the Port's Pier 90-94 Backlands, among other capital projects.

The FY 2011-20 update of the Port's 10-year capital plan identifies a total need of approximately $2.1 billion, primarily for deferred maintenance and seismic upgrade work required on Port facilities. This is approximately $93 million greater than the approximately $2 billion identified in the Port's FY 2010-19 update. This increase is largely the result of the 3.5% annual cost escalation used by the City and County of San Francisco (CCSF), which has been incorporated into this plan.

The City Charter requires all Departments of CCSF to generate a 10-year Capital Plan and update it annually. The City's capital planning program collates the submission of all departments annually into the City's Capital Plan. As required by City law, the Port submitted a draft FY 2011-20 Capital Plan update to the City in December of 2008. This report is a more detailed version of that submission.

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)	
FY 2010-2019[1] Total	$2,007,322
3.5% Cost Escalation	70,256
Roll in of Estimated FY 2020 Renewal Costs	56,983
Completed Work / Revised Cost Estimates	(33,921)
Total:	$2,100,640

[1] See footnote 2.

Of the $2.1 billion in total need, the Port has identified a total of $688 million in funding including: Port tenant obligations, the Port's annual operating budget, revenue bonds, development projects, Infrastructure Financing District bonds, General Obligation bonds, and the Water Resources Development Act of 2007. The largest element of the Port's Plan is the rehabilitation and redevelopment of the heavily blighted Pier 70 area, with an estimated need of approximately $650 million for that area. These costs include upgrading salvageable buildings, demolition of unsalvageable ones, environmental remediation, improvements to street and utility infrastructure, and construction of an open space park area near the water's edge. While Port staff hopes that much of this work can be completed through private development, much of it must be completed with other sources of funding in order to attract private development interest and funding.

The Port has developed policy options to address the unfunded portion of its plan including use of grant funds, tax increment financing and potential private development options. In November 2008, San Francisco's voters approved Proposition D which provides an option for the Board of Supervisors to capture 75% of the payroll and hotel tax increment generated by future Pier 70 development to help fund Pier 70's immense public infrastructure and improvements. As a precondition to accessing that funding, the Port must demonstrate that its lease revenues and property tax increment are insufficient to fund all public costs. Proposition D will also facilitate developing Pier 70 by reducing the entitlement risk associated with the number of discretionary approvals the Port's development projects must currently secure. Specifically, Proposition D allows the Board of Supervisors to waive the final approval of the Pier 70 lease if it approves the Pier 70 development plan and zoning at the outset of the project(s). However, each of these options will require significant staff time to develop and implement, and each will require support from City's policymakers.

In contrast to last year's Capital Plan, the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected $65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond revenues arising from the proposed development, also projected at $65 million, are assigned to projects likely to occur later than 2015.

As the Port focuses on delivery of revenue bond and general bond funded projects over the next five years of the Plan, it is clear that the Port must leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts) with other sources of public and private funding to gap-finance its projects. This strategy will strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan. Toward that end, Port staff is aggressively pursuing federal funding, including $20 million in U.S. Army Corps of Engineers funding authorized by Congress in the Water Resources Development Act but not yet appropriated to specific projects.

The Port's recent ability to utilize the public resources of Infrastructure Finance Districts and other tax increment financing facilitated by Proposition D, private development on SWL 337

enabled by SB 815, inclusion of Port parks in a City General Obligation Bond, and federal funding of waterfront projects constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

II. Summary of Changes

A summary of the changes over the last year is as follows:

Changes in Dollars (in thousands)	
FY 2010-2019[2] Total	$2,007,322
3.5% Cost Escalation	70,256
Roll in of Estimated FY 2020 Renewal Costs	56,983
Completed Work / Revised Cost Estimates	(33,921)
Total:	$2,100,640

Broken down by Port region, capital need increased across the Port as follows:

Change in Capital Need, by Region (*in thousands*)

Port Region	FY10 Total	FY11 Total	Difference	Increase
China Basin	$134,827	$140,544	$5,717	4.24%
Ferry Building	90,827	93,867	$3,040	3.35%
Fishermans Wharf	107,810	113,514	$5,704	5.29%
Northeast Waterfront	391,914	399,711	$7,797	1.99%
Portwide	323,658	353,878	$30,220	9.34%
South Beach	310,296	321,647	$11,351	3.66%
Southern Waterfront	647,990	677,479	$29,489	4.55%
	$2,007,322	$2,100,640	$93,318	4.65%

For purposes of this plan, the Port treats piers and wharves collectively as infrastructure. The treatment of these structures then, as a group, is similar to how a city would treat a system of utility mains. Instead of maintaining each piece of the system individually, an amount of funding is programmed each year to repair or replace elements that become damaged by external events, as well as elements that become the weakest part of the overall system. This is in part because infrastructure elements, unlike building subsystems (electrical systems, HVAC systems) are not mechanical in nature, and thus have a much longer lifespan. In addition, because of these long life spans, differential wear-and-tear of the Port's substructure elements is difficult to predict.

[2] While this reference to the prior year's 10-year Capital Plan reads as "FY 2010-2019", which is a years-leading designation, the documents for the prior iteration of this report self-identify as for the period of "FY 2009-2018", a years-trailing designation. The Port's first 10-year capital plan preceded the City's, and while the Port began with a years-trailing designation, the City later adopted the years-leading convention. The result has been that, since that time, the City and Port capital plans, while covering the same period of time, have been labeled differently. Beginning with this plan, the Port has adopted the City convention of year's leading. While it may appear that there is a one-year gap between the Port 10-year capital plans, going directly from a plan labeled "FY 2009-2018" to one labeled "FY 2011-2020", they are indeed successive annual iterations of the Port's plan.

As the Port was not able to commit any capital funds to pier and wharf substructure renewal over the past year, the schedule this year reflects the 2008 and 2009 investment amounts, $44.28 million, as part of the 2010 backlog. Until such time as the Port is in a position to commit funding to this line item, that backlog will continue to grow in successive years. This movement of the 2009 foregone capital expenditure into backlog is reflected in the increase of 9.34% in the "Portwide" line item above.

III. Schedule of Expenses / Needs Assessment

Port Facilities and Infrastructure

		Projected 10-Year Additional Need						
	Backlog	2011	2012	2013	2014	2015	2016-20	Total 10-Year Need
Facility / Program Needs								
Facilities, by Region								
Fisherman's Wharf	84,998	262	654	2,104	10,355	879	14,262	113,514
Northeast Waterfront	353,267	500	361	0	11,727	3,083	30,773	399,711
Ferry Building Area	79,878	254	0	698	4,743	0	8,294	93,867
South Beach	311,165	0	637	3,477	233	943	5,192	321,647
China Basin	132,368	0	0	0	1,722	843	5,611	140,544
Southern Waterfront	609,986	25	2,156	0	951	3,536	60,825	677,479
Portwide Misc.(Equipment, ADA Plan)	13,688	0	0	0	0	0	0	13,688
Subtotal:	1,585,350	1,041	3,808	6,279	29,731	9,284	124,957	1,760,450
Portwide Annual Programs								
Dredging		3,504	3,504	3,504	3,504	3,504	17,520	35,040
Facility Condition Survey		350	350	350	350	350	1,750	3,500
Emergency Facility Repair		1,168	1,168	1,168	1,168	1,168	5,840	11,680
Special Area Plan		1,101	1,101	1,101	1,101	1,101	5,505	11,010
Pier/Wharf Substructure Reinvestment	44,280	23,468	23,468	23,468	23,468	23,468	117,340	278,960
Subtotal:		29,591	29,591	29,591	29,591	29,591	147,955	340,190
Total Additional Need:		**30,632**	**33,399**	**35,870**	**59,322**	**38,875**	**272,912**	
Total Cumulative Need:	1,629,630	1,660,262	1,693,661	1,729,531	1,788,853	1,827,728	2,100,640	

Funding Sources	2011	2012	2013	2014	2015	2016-20	Total
Port Tenant Responsibility						76,340	76,340
Port Funds	9,000	14,463	27,500	7,500	7,500	37,500	103,463
Port Revenue Bonds		9,342	23,500	68,877		62,281	164,000
Development Projects		68,000				12,500	80,500
Infrastructure Finance District						205,000	205,000
General Obligation Bonds	13,700		19,800				33,500
Water Resources Development Act	4,500	20,500					25,000
Total Additional Funding:	**27,200**	**112,305**	**70,800**	**76,377**	**7,500**	**393,621**	
Total Cumulative Funding:	27,200	139,505	210,305	286,682	294,182	687,803	
Balance:	**(1,633,062)**	**(1,554,156)**	**(1,519,226)**	**(1,502,171)**	**(1,533,546)**	**(1,412,837)**	

Just over $1 billion, or approximately 50% of the overall need identified in the Port's 10-year capital plan, addresses renewal and repair of existing facilities or deferred maintenance. Of the $688 million that the Port proposes to fund in the 10-year capital plan, approximately $333 million are allocated to renewal projects.

Much of this consists of funds to address the Port's facility-specific backlog, largely non-seismic substructure pier and building repairs. Also included are street resurfacing and sewer repair projects. Some of these repairs will be funded by Port tenants as required in their leases. Other repairs will be covered by the Port through its annual operating budget. Some of the balance will be covered by development projects and Port revenue bonds, discussed in detail in the subsequent Enhancement Program sections.

The Portwide Annual Programs that are funded in the Port's annual capital budgets include (1) dredging of the bay floor along the waterfront, which maintains the depth of the berths at the Port's piers so that they remain suitable for water traffic, (2) facility condition surveys, which allow the Port to evaluate the state of the Port's structures on a continuous basis and in an organized manner, and (3) emergency facility repair, a set-aside of funds for unforeseen situations, available for the most pressing capital needs in subsequent years if the programmed year remains emergency-free.

The Port funds various open space improvements or mandated mitigations (such as the Brannan Street Wharf at Pier 36) under the Special Area Plan Open Space program as funding opportunities become available. The Port proposes to fund part of these projects with land sale proceeds, Port operating revenues, and General Obligation bond funds.

Because of the sheer magnitude of the Port's remaining Annual Program, the Pier/Wharf Substructure Reinvestment program, for the moment, receives little, if any, funding. The Port should reinvest back into the Port's pier substructures 0.75% of the value of those substructures, each year[3]. Unfortunately, because of the cost to do so, the Port has been unable to make the necessary investments to maintain the Port's substructures in good repair.

For a detailed breakdown of costs in the schedule above, see Appendix A to this report. A further breakdown of projects within each building is available upon request.

It is important to note that, as with prior reports and in keeping with capital planning convention, the backlog costs have been estimated in 2010 dollars, and are not escalated to the anticipated project date.

[3] The level of need is calculated based on the cyclical replacement of portions of pier substructures, based on construction type and exposure to tidal action. For example, Port engineers estimate that the Port should rehabilitate 15% of the Port's pre-1920's era concrete piers every 20 years.

IV. Proposed Funding

Port staff proposes -- and the Port Commission will eventually make decisions regarding -- a total investment of $688 million in the ten-year capital plan. These investments consist of $164 million in Port Revenue Bonds, $205 million in Infrastructure Finance District (IFD) Bonds, $33.5 million in General Obligation Bonds, $25 million in federal funding from the Water Resources Development Act of 2007, funds from the Port's operating budget, and private funds from Port tenant obligations and proposed development partners.

These sources will fund improvements, including many seismic upgrades, to the following Port facilities: the Pier 27 Cruise Terminal and the Northeast Wharf Plaza; the Pier 35 Cruise Terminal; industrial leasing pads on the Pier 90-94 Backlands; improvements to Pier 33, the Port's Maintenance Facility; Piers 19 and 23; the Agriculture Building; Piers 15 & 17, where the Exploratorium is planning to relocate, pending major renovation; Wharf J9; and Piers 9 and 33; and various open space improvements along the waterfront.

The proposed $688 million in funding over the next ten years is $38 million more than the $650 million proposed in last year's 10-year Capital Plan. This difference is primarily due to inclusion for the first time of a new source of federal funding, the Water Resources Development Act of 2007, which will provide $25 million during the first half of this plan. Additionally, Development Project sources were increased by $12.5 million to reflect rehabilitation of Pier 48 that is expected to accompany eventual development at SWL 337. Minor adjustments to other sources of revenue were offsetting.

Port Revenue Bond Projects

The Port anticipates issuing up to $164 million in revenue bonds by FY 2018-19. Structures were selected by Port staff for Revenue Bond funding based on whether or not the facility (1) is currently profitable, (2) has the potential to be more profitable, because it is under-utilized, (3) has potential to be more profitable, because it has a lease set to expire in the next 10-years, allowing the Port to improve the property and increase rents once the property is ready to be re-leased, or (4) is critical to supporting the Port's operations. The $99 million in projects to be funded under Base Port Revenues reflects an optimal level of revenue bond financing; commercial real estate market conditions will need to improve to achieve this level of debt capacity. The actual revenue bond will depend on the amount of Port revenues available at the time of issuance to repay the debt, interest rates, and on policies adopted by the Port Commission.

Based on these criteria, subject to approval of policy makers, Port staff proposes to make improvements to the following Port facilities with Port revenue bond funds:

Port Revenue Bond Projects (Including Other Related Sources)[1]

Project	Series 2010 Revenue Bonds[2]	Port Revenue Bonds	Other Related Sources	SWL 337 Revenue Bonds[3]	Total
Pier 27 Cruise Terminal & Northeast Wharf Plaza	$10,000,000	$15,000,000	$35,000,000[4]		$60,000,000
Pier 35 Cruise Terminal	5,500,000	7,500,000	15,000,000[5]		28,000,000
Piers 90-94 Backlands	8,000,000				8,000,000
Pier 19 or 23	2,000,000	18,000,000	40,000,000[6]	25,000,000	85,000,000[7]
Pier 19 Roof	3,500,000				3,500,000
Pier 33	2,000,000			10,000,000	12,000,000
Pier 50	1,500,000	18,500,000			20,000,000
Agriculture Building				5,000,000	5,000,000
Pier 9				25,000,000	25,000,000
Wharf J9		5,500,000			5,500,000
Rail Improvements		2,000,000			2,000,000
Total	**$32,500,000**	**$66,500,000**	**$90,000,000**	**$65,000,000**	**$254,000,000**

Notes:

1 Subject to actual debt capacity, as well as Port Commission, Mayor and Board of Supervisors approval.

2 Reflects appropriations from the sale of Port Series 2010 Revenue Bonds issued February 3, 2010.

3 Reflects funding for historic resources in the Embarcadero Historic District pursuant to the requirements of SB 815.

4 Other funding for the Pier 27 Cruise Terminal includes $20,000,000 in funding from the sale of Watermark Condominiums on Seawall Lot 330. Projected sources of revenue to finance the remaining $15 million in project costs include Port security grants, event revenues, passenger facility charges and/or retail revenues.

5 Other funding for the Pier 35 Cruise Terminal includes (proposed) federal appropriations pursuant to the 2007 Water Resources Development Act approved by Congress.

6 Other funding for the Pier 19 or 23 project includes funding from the following possible sources: lease revenues, IFD revenues, federal historic tax credits, and private equity.

7 Total projects costs for a mixed use, adaptive reuse project at either Pier 19 or 23 are estimated at $85 million, based on a Pier 1-style physical build-out (but assuming a Pier 9 mix of uses). This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses. Alternately, the Port could invest $20 million in Port revenue bond funding in the substructure of one of these two piers.

Project Descriptions:

- ***Pier 27 Cruise Terminal Project*** - On September 27, 2007, the Port Commission accepted the Cruise Terminal Advisory Panel's recommendation to re-locate the Port's primary cruise terminal from Pier 35 to Pier 27 because it is the most cost-effective location. The Port currently has $29.3 million available to make the necessary improvements at Pier 27 to accommodate a renewed cruise terminal -- substantially less than the estimated $60 million project cost estimate. The Port proposes to allocate an additional $15 million in Port revenue bond proceeds to help cover the shortfall for a total of $44.3 million available for the cruise terminal project. The Port is also undergoing an engineering evaluation to evaluate project cost alternatives and phasing opportunities based on detailed design and engineering plans. The Port is seeking federal port security funding to fund security upgrades to the facility (a strategy successful in funding upgrades to Pier 35). Finally, the Port intends to use the cruise terminal as event space during

non-cruise days and include retail uses to generate revenues that could be used to help cover funding shortfalls.

- ***Pier 35 Cruise Terminal*** – To continue the Port's cruise business, which currently consists of approximately 45-65 cruise calls per year, the Port of San Francisco requires at least two cruise berths. Pier 35 is currently the Port's primary cruise terminal and will continue in service after Pier 27 re-opens. In 2009, Port engineers conducted a facility assessment of Pier 35 and found that urgent repairs are needed to the pier superstructure to keep the facility open. Thus, the Port allocated $5.5 million of the Series 2010 revenue bonds to fund immediate facility repairs. Additional substructure repair and seismic improvements are required to keep the facility operational. Port staff has submitted a request for $15 million in federal funding pursuant to the 2007 Water Resources Development Act to finance these improvements, which will require a 1/3 local match. Port staff proposes revenue bond funding to supply this match.

- ***Pier 90-94 Backlands:*** The Port's largest unleased area of Port property is the Pier 90-94 Backlands, an area of unengineered fill not suitable for commercial buildings without the inclusion of costly pile supported foundations. The Series 2010 revenue bonds include $8 million in funding for new road and utilities to support new leasing plots that are planned for the site. The current bond allocation is for design and construction costs. The Port has had a conceptual engineering design completed for this project by KCA Engineers. DPW staff is currently developing construction documents. Port staff expects the design will be completed by the end of 2010, and the project will be advertised for bids sometime in spring of 2011. Construction is expected to be completed by the end of 2011.

- ***Piers 19 and 23:*** These piers are located near one another in the northern waterfront. They require repairs and seismic upgrades and are currently without any long-term leases. The Series 2010 revenue bonds include $3.5 million to repair the Pier 19 roof to enable continued interim leasing of that facility. The Pier 19 bulkhead is also a potential location to co-locate emergency response facilities which could include a marine fire station, marine police units, and other agency facilities. The Series 2010 revenue bonds also include $2 million in design funding for further improvements to either Pier 19 or Pier 23.

 Port staff envisions a mixed use development project at either Pier 19 or 23, subject to approval by the Port Commission, the Mayor, and the Board of Supervisors. Staff projects that the cost of a mixed use, adaptive reuse project at either Pier 19 or 23 would be $85 million, based on certified costs to construct Pier 1 and construction cost inflation since Pier 1 opened. This project is dependent on developing a financially-feasible mixed use program consisting of interim non-trust and public trust uses, consistent with a proposed interim leasing policy for Port historic structures pending Port Commission consideration. Other

funding for the Pier 19 or 23 project would include funding from lease revenues, IFD revenues, federal historic tax credits, and private equity.

In lieu of a mixed use development project, the Port could invest $20 million in Port revenue bond funding in the substructure of one of these two piers.

- ***Pier 33:*** This project will build elevator and other accessible features and a bathroom to create a leasable space in the Pier 33 Bulkhead. The Series 2010 revenue bond allocation is for construction costs. The project is currently in the design phase with construction expected to commence during the fall of 2010 and be completed by August 2011.

- ***Agriculture Building:*** Located in the Ferry Building Area of the Port, the brick building south of the Ferry Building is currently leased through short-term leases for office space and Amtrak's San Francisco ticketing office. The Port is developing a plan to determine possible new uses for the Agriculture Building, as well as costs to renovate the facility to accommodate the new uses. The Port proposes to allocate $5 million in SWL 337 revenue bonds to help cover repairs and seismic upgrades.

- ***Northeast Waterfront Piers - Piers 9 and 33:*** In 2007, the State legislature adopted legislation (SB 815) that allows for more varied development on some of the Port's seawall lots, and allows the Port to enter into lease terms of up to 75 years (the prior maximum had been 66 years). The legislation also restricts the use of new revenue growth generated by seawall lot leases to 1) repair and seismic upgrades of historic facilities and 2) construction of open spaces required by the Special Area Plan. Seawall Lot 337 is the first development affected by the new legislation. The additional annual income associated with SWL 337 development will help the Port to leverage up to, roughly, $65 million in municipal bonds. Port staff recommend Piers 9 and 33 to be the recipient of some of these revenue bond funds (Piers 19-23 and the Agriculture Building to receive the balance), which will go toward seismic upgrades and long-deferred repairs.

- ***Rail Improvements:*** To enhance Port and Port tenant freight rail access, Port staff proposes a $2 million investment in freight facilities serving the Port, including the Quint Street lead.

- ***Pier 50:*** Located in China Basin, on Terry Francois Blvd south of AT&T Ballpark, Pier 50 houses the Port's maintenance facility. The estimated capital need over the next 10 years totals $50 million; the Port proposes to allocate $20 million in revenue bond funds to seismically upgrade and repair the areas of the pier's substructure in the worse condition.

- ***Wharf J9 Repairs:*** The Port needs to replace the Wharf J-9 seawall that is required to continue use of the adjoining leased facilities for which the Port proposes to allocate $5 million in revenue bonds.

General Obligation Bond Projects

In February 2008 San Francisco voters approved a $185 million General Obligation bond for park and open space improvements, of which $33.5 million has been allocated to fund or partially fund Port open space improvements across the Port's waterfront. Port projects include: a promenade at Pier 43½ in Fisherman's Wharf; the Brannan Street Wharf Park in South Beach; Bayfront Park in the Port's China Basin region; and, in the Port's Southern Waterfront, Crane Cove Park, Warm Water Cove Park, Islais Creek, and an entrance to Heron's Head Park. In FY 2009-10, using $3.1 million of the first bond issuance the Port initiated planning and design efforts for these projects. Because the liability has not yet been removed from the capital needs side of the ledger, the 10-year Capital Plan includes the full balance of $33.5 million for these projects.

Total G.O. Bond Park Funding Allocated to Port Projects

Port Area	Proposed Park	Project	G.O. Bond Funding
Fisherman's Wharf	Pier 43½ Park	Pier 43½	$9,000,000
South Beach	Brannon Street Wharf Park	Brannon St. Wharf	3,000,000
China Basin	Bayfront Park	Blue Greenway Project	21,500,000
Southern Waterfront	Crane Cove Park		
	Warm Water Cove Park		
	Islais Creek		
	Heron's Head Park Entrance		
		Total:	**$33,500,000**

Development Projects

The Port's development projects are public-private partnership projects in which a developer enters into a lease of up to 66 years with the Port for property, secures financing and is responsible for project delivery. The Port expects the Pier 15-17 development project to begin construction in the next five years. As previously noted, cost estimates included in this Plan include only repair and replacement costs and seismic upgrades the Port would need to conduct in order to continue operating these facilities for current uses. The description below includes enhancements The Exploratorium is making to facilities to change their use; these changes go beyond the repairs, replacements, and seismic upgrades identified in the Port's 10-year capital plan, and so their costs are not included below:

- ***Piers 15-17:*** The Board of Supervisors and Mayor Gavin Newsom have approved a Lease Disposition and Development Agreement and Lease with The Exploratorium to renovate Piers 15-17 and relocate The Exploratorium museum there from its current location at the Palace of Fine Arts. During the past several years, the museum has been looking for a new home to accommodate its

expanding needs. The Exploratorium will lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street. The most recent estimates for development of this facility include $175 million from The Exploratorium.

- ***SWL 337:*** Following extensive public input and a first-round Request for Qualifications phase, the Port Commission has awarded a Request for Proposals for the development of an approximately 16 acre site immediately south of AT&T Park. The selected development team, SWL 337 Associates, LLC, proposes an urban mix of uses which may include office, rental residential and retail plus more than 5 acres of open space. The Port and development team are currently working on terms for an Exclusive Negotiation Agreement. The developer has stated order of magnitude project costs at $1 billion with total infrastructure costs estimated at approximately $200 million.

- ***SWL 351:*** In 2008, the Port sought development proposals for a 2/3 of an acre site at the Embarcadero and Washington Streets along the Ferry Building Waterfront that is currently a surface parking lot. On February 24, 2009, the Port Commission authorized exclusive negotiations with San Francisco Waterfront Partners to combine the site with the adjacent tennis club property for a 3 acre mixed use project with a rebuilt recreation club, condominiums, restaurants, retail and a new public park. The developer proposes that the Port will receive land rent from the project of $500,000 a year and the developer would incur all capital and operating costs. This project is subject to a public planning process to refine the development parameters. This process is currently underway.

Port Infrastructure Financing District (IFD)

In 2005 the State adopted legislation that allows the City to create an Infrastructure Financing District (IFD) within the Port's jurisdiction. This alternative method of collecting property tax increment is a useful financing tool for the Port. The Port anticipates having a total of $205 million in IFD Bond funds available for a variety of projects, including Pier 70 improvements and other southern waterfront improvements. While some IFD Bond funding will be used by the Port for independent rehabilitation of facilities, other IFD Bond funds will be used as the Port's investment in larger public-private developments. As described below, the Port intends to dedicate $140 million of these bond proceeds to Pier 70. In contrast to the last year's Capital Plan, Port staff does not propose to allocate $65 million IFD bond proceeds that will arise from development of SWL 337.

Pier 70 Development (Southern Waterfront): The Capital Plan identifies a total of approximately $545 million related to the Pier 70 complex including: environmental remediation, constructing and reconstructing streets, sidewalks, street lighting, and sewer and water system, open space development, historic building preservation and reuse of a portion of the site, principally along the main 20th Street stretching to the waterfront.

Long a ship-building and ship-repair site, Pier 70 now houses the most important collection of historic industrial buildings west of The Mississippi. Unfortunately, owing to age, type of construction, deterioration, lack of code compliance and absence of site utilities and other infrastructure, approximately half of the over 40 buildings on the site are vacant or underutilized.

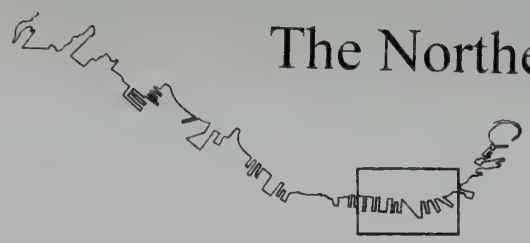
The Capital Plan program for Pier 70 envisions bringing most of the historic buildings and artifacts (fences, cranes) up to current code, repairing or replacing all building utilities and building systems, but not adding new square footage. Work would be done to meet the standards of the U.S. Secretary of the Department of Interior in keeping with the buildings' eligibility for the National Register of Historic Places.

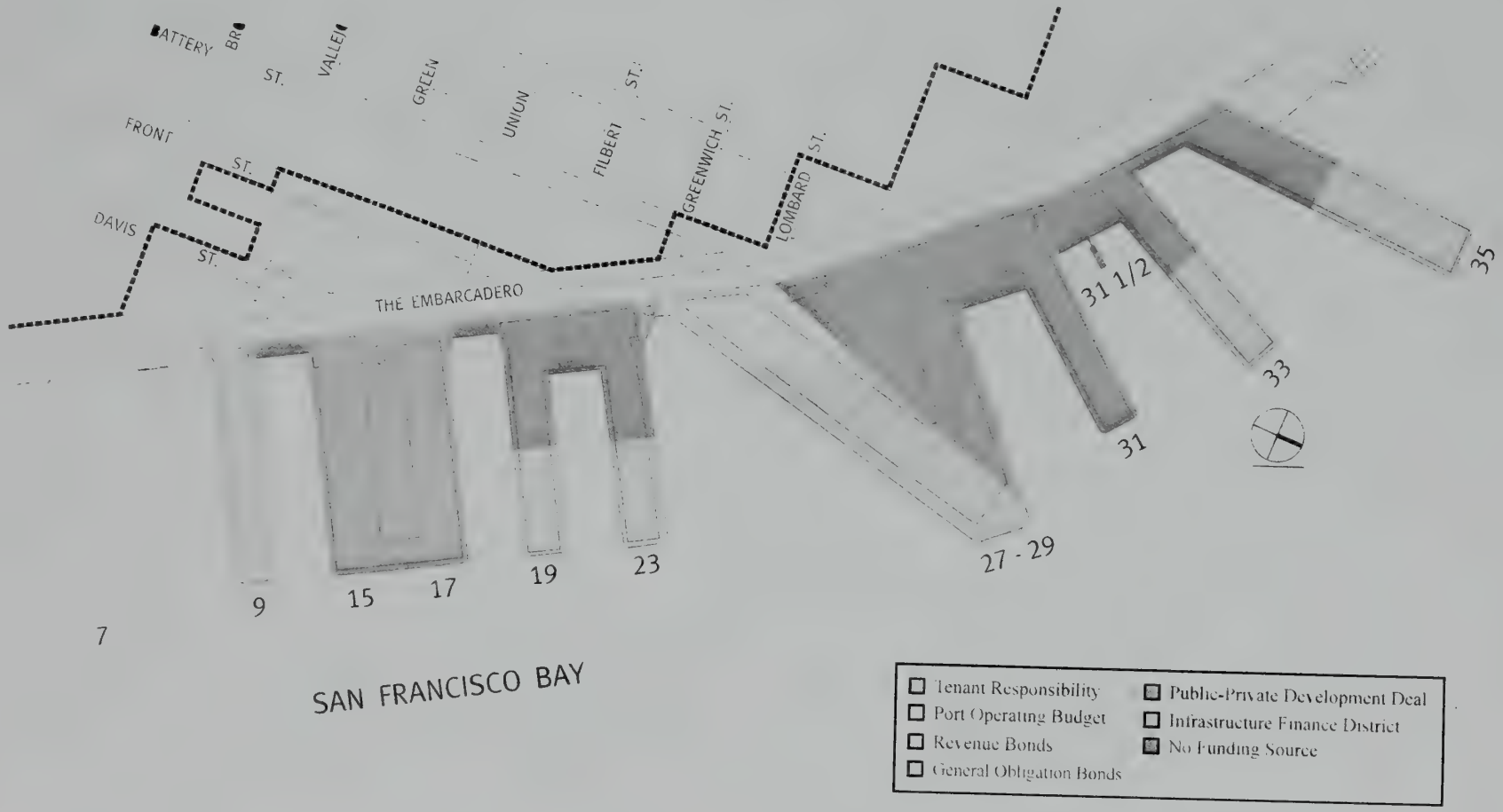
The Port's 10-year capital plan programs $140 million in IFD Bond funds to cover Pier 70 infrastructure costs, which consist of $40 million to construct streets, sewers, water mains, sidewalks, and street lighting, approximately $30 million to conduct environmental clean-up, $20 million to make needed open space improvements, and $50 million to repair and upgrade wharves and piers. The Port should be better able to redevelop Pier 70 to viable reuses if it can invest growth in tax revenues from new investment in the project.

The Port is finalizing a Pier 70 Preferred Master Plan that includes: 1) a survey of the historic resources and identification of adaptive reuse options, and 2) an economic and planning feasibility analysis with development options for Pier 70. Staff expect to complete this master plan by Spring 2010 and, with Port Commission approval, to issue a development RFI for Pier 70 in Spring 2010. This plan includes 3 million square feet of new construction, largely on unbuilt or underutilized parcels, and estimates the ground rent and new tax revenues projected from this development. The financial analyses for the Pier 70 Master Plan address similar capital costs and revenue sources as the Capital Plan, but are more detailed regarding Pier 70 specific issues, including use of growth in payroll taxes for specific project costs.

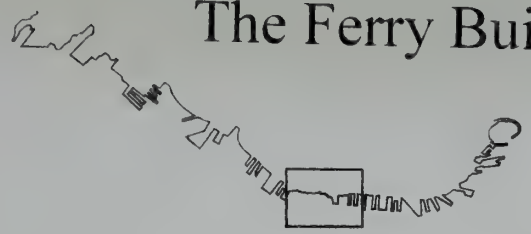
Fisherman's Wharf

The Northeast Waterfront



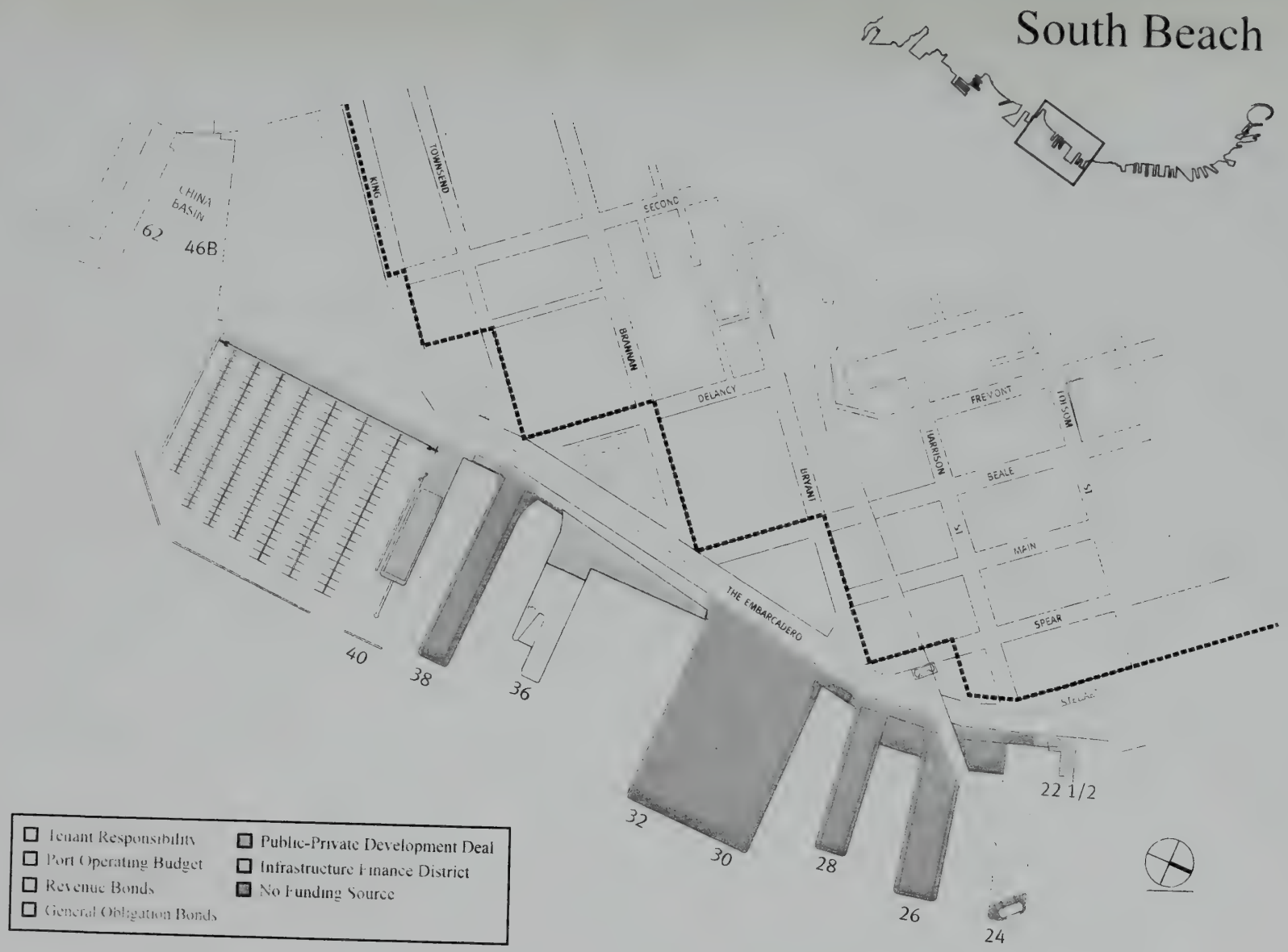


The Ferry Building Area

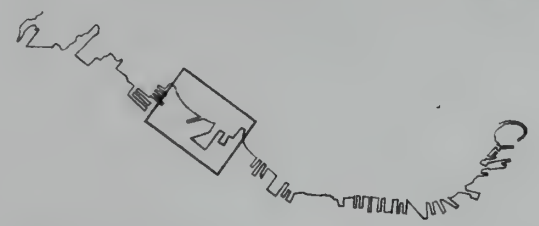


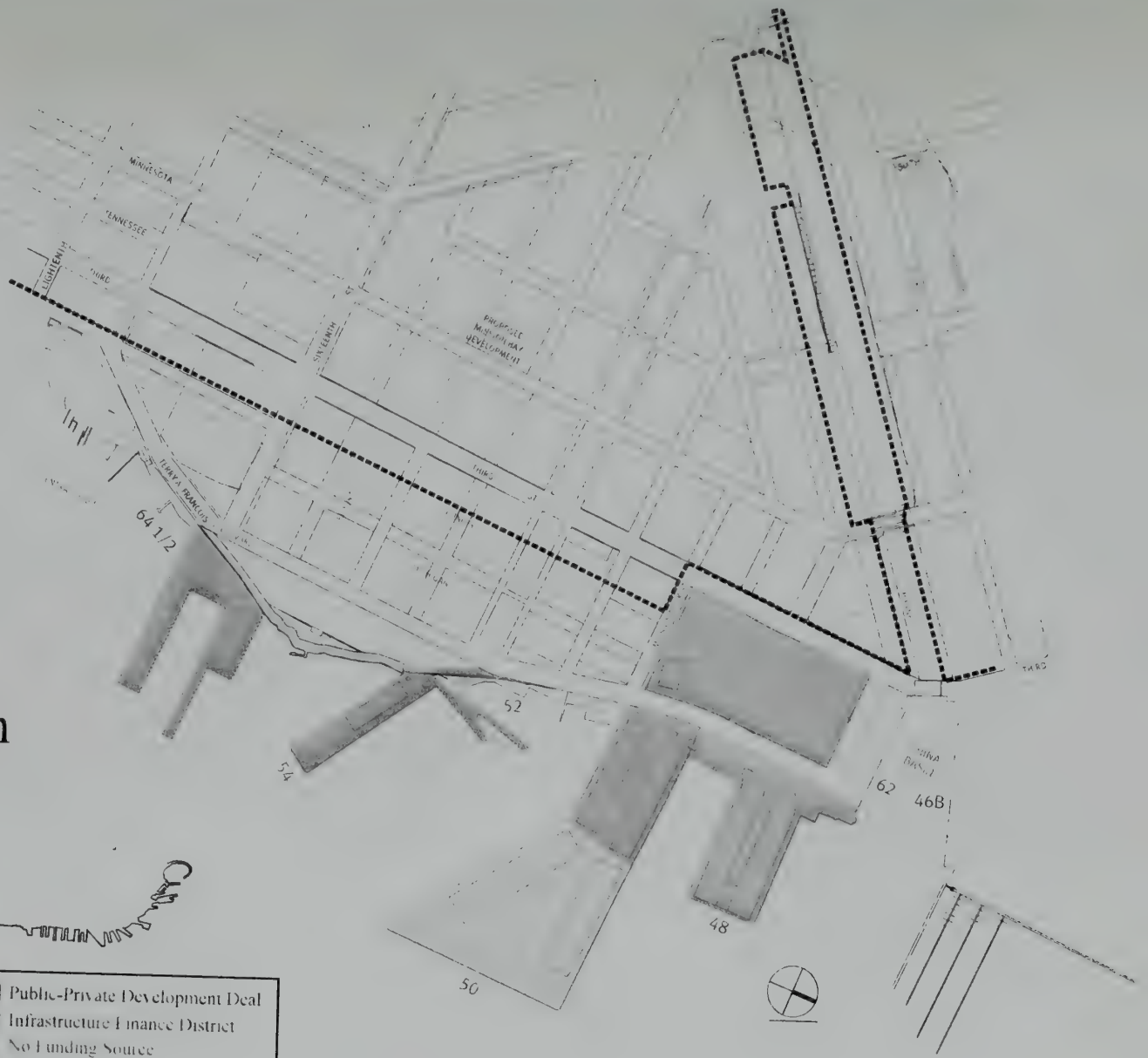


- Tenant Responsibility
- Port Operating Budget
- Revenue Bonds
- General Obligation Bonds
- Public-Private Development Deal
- Infrastructure Finance District
- No Funding Source


South Beach
CHINA BASIN
62
46B
KING
TOWNSEND
SECOND
BRANNAN
DELANCY
FREMONT
FOLSOM
HARRISON
BEALE
BRYANT
1ST
MAIN
THE EMBARCADERO
SPEAR
STEUART
40
38
36
32
30
28
26
24
22 1/2
Tenant Responsibility
Port Operating Budget
Revenue Bonds
General Obligation Bonds
Public-Private Development Deal
Infrastructure Finance District
No Funding Source

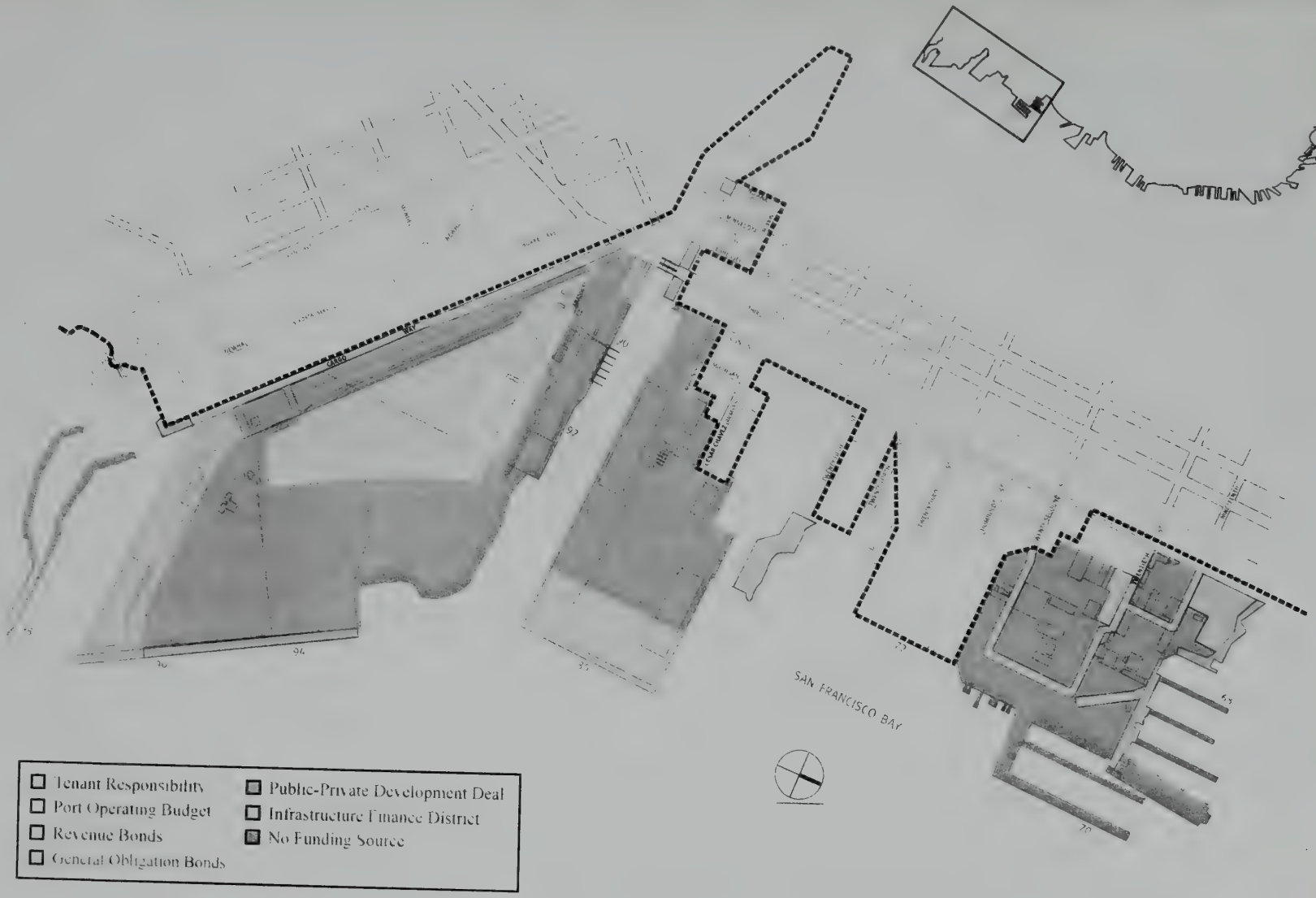
China Basin





- ☐ Tenant Responsibility
- ☐ Port Operating Budget
- ☐ Revenue Bonds
- ☐ General Obligation Bonds
- ☐ Public-Private Development Deal
- ☐ Infrastructure Finance District
- ■ No Funding Source

The Southern Waterfront



V. Unfunded (Deferred) and Emerging Needs

The Port's proposed ten-year capital plan defers a total of $1.3 billion in needs. The most significant deferred projects include the following Port facilities:

Unfunded Projects

Region	Port Facility	Unfunded Portion to Repair & Seismically Upgrade
Northeast Waterfront	Pier 31, office and warehouse space, pier substructure	$30,900,000
South Beach	Pier 26, office and warehouse space, pier substructure	50,500,000
	Pier 28, office and warehouse space, pier substructure	33,750,000
	Pier 38, maritime recreation facility near South Beach Harbor	50,000,000
China Basin	Pier 50, Shed D, the Port's Maintenance Facility, pier substructure	31,000,000
	Pier 54, office and warehouse space, pier substructure	41,700,000
Southern Waterfront	Pier 70 Campus, contains a vast array of historic structures	320,000,000
	Pier 80 Cargo Facility	127,000,000

Funding Options for Deferred Projects

(a) ***Grant Funds*** – The Port may be able to secure grant funding for its open space and transportation projects.

(b) ***Public/Private Partnerships*** – Port staff believe Pier 33, Pier 35 and Pier 70 are good candidates for future development projects. However, it has not sought direction from the Port Commission, issued RFPs or secured approvals from various state agencies such as the State Lands Commission and San Francisco Bay Conservation and Development Commission (BCDC) for project scopes. Thus, while the Port has identified these facilities as potential development projects, it is premature to conclude that they will be repaired and upgraded by a developer.

(c) ***No Identified Funding Options*** – If the Port is unable to identify a funding source or a developer to repair and seismically upgrade these facilities, it will eventually need to close the facilities and demolish them (if it can secure funds for demolition) or allow them to deteriorate and fall into the bay.

VI. Conclusions

The Port's first 10-Year Capital Plan, issued in the spring of 2006, demonstrated the magnitude of the Port's financial challenges and that dramatic, new strategies will be required to allow the Port to fulfill its maritime and land use missions.

Since that time, it has become increasingly clear that the major source of funding to reconnect the City with its waterfront envisioned by the Waterfront Land Use Plan – private equity – is insufficient to the task. Without new public sources of funding, private sector investment alone in the Port will not succeed in revitalizing the Port and its historic structures.

However, since 2006, Port staff and the Port Commission, with support of Mayor Gavin Newsom and the Board of Supervisors, have been laying the groundwork for an enhanced approach to financing waterfront improvements.

In 2005, the Port won passage of SB 1085, permitting the establishment of Infrastructure Financing Districts on Port property, allowing the capture of future property tax increment. And in 2007, the Port won passage of SB 815, lifting "public trust" use restrictions on four of the Port's seawall lots (337, 328, 330, and 347S), the largest of which – Lot A, SWL 337, in Mission Bay – is approximately 14 acres.

In contrast to last year's Capital Plan, the FY 2011-20 Capital Plan reflects the uncertainty of the current real estate market. Specifically, while Port staff assumes that revenues and tax increment arising from development of SWL 337 will likely be realized before 2019, the Plan no longer assigns the projected $65 million in tax increment debt proceeds arising from this development to specific uses. Furthermore, the projected revenue bond monies arising from the proposed development, also projected at $65 million, are assigned to projects likely to occur later than 2015.

In an historic, first time ever contribution of public tax dollars to the Port, Proposition A on the February 2008 San Francisco Ballot was approved by a margin of 71.66% (Yes) to 28.34% (No). As a result, $33.5 million in waterfront open space projects –projects that serve the public good– are under way.

In November 2008, the City's voters approved Proposition D that provides two new tools to develop Pier 70: (1) an option for the Board of Supervisors to approve a Pier 70 plan in lieu of individual lease approvals; and (2) an optional new financing tool that allows the Port to capture 75% of the payroll and hotel tax increment generated by the Pier 70 development to help fund waterfront parks, marine terminals, environmental remediation, historic rehabilitation, and utility infrastructure.

In 2009, the Port's received $4.7 million from a new federal source of funding, the Water Resources Development Act of 2007. While the Port was successful in seeking this authorizing legislation in 2007, it was not until the Fall of 2009 that appropriations against this authority began to flow to Port projects. Following up on the success of

2009, Port staff have requested that the remaining $20.2 million of that 2007 federal authority be appropriated in 2010 to commence Port capital projects at Piers 35 and 70.

Finally, in July 2009, the Port repaid the last of its municipal debt mandated by the transfer of the Port from State control to City custodialship. As a result, in February 2010 the Port issued $36.65 million in revenue bonds representing the first time in 25 years that the Port has been able to leverage its own balance sheet for new capital projects.

In 2006, the Port's Capital Plan seemed like (at best) a decades-long partial solution to a waterfront problem that developed over decades or (at worst) an exercise in futility. It now appears that the Port is poised to pursue dramatic new open space improvements and new strategies to preserve historic piers and buildings over the next ten years.

As the Port focuses on delivery of revenue bond and general bond funded projects over the next five years of the Plan, it is clear that the Port must leverage currently available sources of land-based finance (revenue bonds, infrastructure financing districts, community facility districts) with other sources of public and private funding to gap-finance its projects. This strategy will strengthen the Port's balance sheet in preparation for major projects at SWL 337 and Pier 70 that will require the Port to take on substantial new debt envisioned by the Capital Plan. Toward that end, Port staff is aggressively pursuing federal funding, including $20 million in U.S. Army Corps of Engineers funding authorized by Congress in the Water Resources Development Act but not yet appropriated to specific projects.

There are still issues to be addressed in the Pier 70 area and other areas within the City's waterfront. However, the Port's newfound ability to utilize these new public resources constitutes a beginning to a more financially sound and sustainable Port of San Francisco.

However, further changes to law and the Port's financing strategy are required: the City and the Port need to fully develop plans for financing a new Cruise Terminal. The State of California can further contribute to its interests through allocating some or all of its share of possessory tax increment associated with developing Port property, as defined by the public trust and the BCDC Special Area Plan, along the San Francisco waterfront. The federal government, likewise, has an interest in removing threats to navigation posed by rotting Port facilities near navigation channels.

The Port needs the continued support of the City's elected family to enact some of the financing strategies described in the Port's 10-yearCapital Plan. While these changes may be difficult to achieve, Port staff are energized to pursue these and other solutions that will eliminate waterfront blight and create a 21st century waterfront.

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
5470H	Blue Shed Bldg (Wharf J-11)	Simple	$73	$0	$1,384	$1,457
1840	Copra Crane	Basic	$751	$0	$0	$751
1001	Downtown Ferry Terminal	Basic	$637	$0	$33,903	$34,540
0000	Equipment	Basic	$0	$0	$8,939	$8,939
2740	Fac. 200 - World Trade Club Restaurant	Basic	$284	$1,668	$741	$2,692
2000	Fac. 2000 - Ferry Plaza	Piers	$531	$327	$3,784	$4,642
2750	Fac. 274-175 - Ferry Building Clock Tower	Basic	$0	$310	$301	$611
2750	Fac. 274-275 Ferry Building	Basic	$0	$7,563	$7,352	$14,915
2780	Fac. 278 Agriculture Bldg Substructure	Piers	$4,751	$0	$2,605	$7,356
2780	Fac. 278 Agriculture Building	Basic	$3,163	$241	$547	$3,952
2750	Ferry Building: Fac. 274 - 275	Piers	$0	$0	$0	$0
6020	Freight Yard - Intermodal Container Transfer Facility	Street	$3,355	$9,839	$26,931	$40,125
4000	Harbor Office at Hyde Street	Small	$0	$0	$505	$505
1980	Herons Head Park	Basic	$168	$0	$189	$357
2500	Hyde Street Pier	Piers	$0	$0	$0	$0
2500	Hyde Street Pier - Storage Buildings (3)	Small	$0	$0	$0	$0
000	Leased Piers	Port Wide	$0	$39,114	$0	$39,114
1010	Pier 1	Piers	$0	$74	$0	$74
1010	Pier 1 - Office Building	Basic	$0	$2,313	$0	$2,313
1015	Pier 1 1/2	Piers	$0	$0	$0	$0
1015	Pier 1 1/2 - Bulkhead/Shed Building	Basic	$0	$236	$0	$236
1005	Pier 1/2	Piers	$733	$0	$2,030	$2,763
1140	Pier 14 (Public Pier)	Piers	$0	$0	$0	$0
1150	Pier 15	Piers	$14,990	$0	$14,127	$29,117
1150	Pier 15 - Bulkhead/Shed Building (contains trailer	Simple	$2,715	$501	$3,435	$6,651
1155	Pier 15/17 - Office on Marginal Wharf	Small	$0	$0	$0	$0
1155	Pier 15/17 Valley - demolition	Piers	$7,986	$0	$0	$7,986
1170	Pier 17	Piers	$7,203	$88	$9,525	$16,816
1170	Pier 17 - Shed Building	Simple	$2,808	$658	$2,883	$6,349
1175	Pier 17 1/2	Piers	$1,301	$0	$427	$1,728
1190	Pier 19	Piers	$7,956	$0	$8,558	$16,514
1190	Pier 19 - Bulkhead/Shed Building	Simple	$1,729	$150	$2,415	$4,294
1195	Pier 19 1/2	Piers	$4,662	$0	$2,556	$7,218
1195	Pier 19 1/2 - Bulkhead/Shed	Simple	$563	$69	$1,080	$1,712
1020	Pier 2	Piers	$3,882	$0	$1,852	$5,734
2770	Pier 2 - Sinbads	Basic	$115	$595	$157	$867
1225	Pier 22 1/2	Piers	$2,081	$8	$901	$2,990
1225	Pier 22 1/2 - Fire Station	Basic	$523	$76	$123	$722
1225	Pier 22 1/2 - Maintenance / Recreation	Small	$0	$0	$0	$0
1230	Pier 23	Piers	$5,539	$0	$9,111	$14,650
1230	Pier 23 - Bulkhead/Shed Building	Simple	$1,445	$565	$2,477	$4,487
1235	Pier 23 1/2	Piers	$2,571	$0	$423	$2,994
1235	Pier 23 1/2 Pier 23 Cafe	Small	$0	$0	$0	$0
1245	Pier 24 1/2	Piers	$3,959	$0	$3,102	$7,061
1245	Pier 24 1/2 -Bulkhead/Shed Building	Simple	$542	$0	$690	$1,232
1260	Pier 26	Piers	$13,534	$0	$30,897	$44,431

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)						
Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1260	Pier 26 - Bulkhead/Shed	Simple	$1,882	$1,012	$3,173	$6,067
1265	Pier 26 1/2	Piers	$2,983	$0	$2,405	$5,388
1265	Pier 26.5 - Bulkhead	Basic	$1,635	$1,116	$673	$3,424
1270	Pier 27	Piers	$455	$392	$39,924	$40,770
1270	Pier 27 - Office Annex	Small	$493	$0	$0	$493
2275	Pier 27 - Office/Admin Building	Basic	$881	$184	$301	$1,366
1270	Pier 27 Shed Building	Simple	$2,767	$2,243	$2,510	$7,520
1280	Pier 28	Piers	$8,693	$0	$20,872	$29,565
1280	Pier 28 - Bulkhead/Shed Building	Simple	$1,821	$462	$1,899	$4,182
1285	Pier 28 1/2	Piers	$592	$0	$325	$917
1285	Pier 28 1/2 - Hidive Restaurant	Small	$0	$181	$0	$181
1290	Pier 29	Piers	$15,899	$0	$16,577	$32,476
1290	Pier 29 - *Bulkhead/Shed Building	Simple	$4,137	$0	$3,825	$7,962
1295	Pier 29 1/2	Piers	$0	$0	$0	$0
1295	Pier 29 1/2 - Bulkhead Building	Simple	$1,264	$0	$1,296	$2,560
1030	Pier 3	Piers	$7,105	$0	$5,497	$12,602
1030	Pier 3 - Bulkhead/Shed Building	Basic	$0	$381	$0	$381
1320	Pier 30 and 32	Piers	$22,681	$247	$57,235	$80,163
1310	Pier 31	Piers	$10,251	$0	$14,592	$24,843
1310	Pier 31 - Bulkhead/Shed Building	Simple	$2,636	$1,060	$2,348	$6,045
1315	Pier 31 1/2	Piers	$3,214	$0	$2,642	$5,856
1325	Pier 32 1/2 Marginal Wharf (Brannon St)	Piers	$0	$0	$24,995	$24,995
1330	Pier 33	Piers	$5,701	$0	$9,503	$15,204
1330	Pier 33 - Bulkhead/Shed Building	Simple	$1,722	$1,322	$2,196	$5,240
1335	Pier 33 1/2	Piers	$0	$0	$415	$415
1335	Pier 33 1/2 - Bulkhead Building	Basic	$1,370	$201	$405	$1,976
1345	Pier 34 1/2 Marginal Wharf	Piers	$0	$0	$0	$0
1350	Pier 35 - Bulkhead/Shed Building	Basic	$3,229	$12,736	$4,503	$20,468
1355	Pier 35 1/2	Piers	$0	$0	$4,528	$4,528
1350	Pier 35 Cruise Terminal	Piers	$13,143	$122	$15,458	$28,722
1360	Pier 36 (to be demolished)	Piers	$122	$0	$4,500	$4,622
1360	Pier 36 - Bulkhead Building/Shed	Simple	$923	$0	$0	$923
1380	Pier 38	Piers	$31,523	$0	$14,193	$45,716
1380	Pier 38 - Bulkhead/Shed Building	Simple	$266	$1,375	$2,740	$4,381
1385	Pier 38 1/2	Piers	$550	$0	$452	$1,002
1390	Pier 39	Piers	$0	$0	$0	$0
1390	Pier 39 - Retail Shops	Basic	$3,635	$10,723	$6,453	$20,811
1390	Pier 39 - Underwater World	Basic	$0	$441	$0	$441
1395	Pier 39 1/2 Marginal Wharf	Piers	$0	$0	$0	$0
1400	Pier 40	Piers	$18,504	$0	$9,125	$27,629
1400	Pier 40 - Shed Building	Simple	$230	$154	$1,134	$1,518
1405	Pier 40 1/2 (S Beach Harbor Wharf)	Piers	$2,430	$0	$399	$2,829
1405	Pier 40 1/2 - Java House	Small	$0	$0	$0	$0
1400	Pier 40 Restaurant & Robert Steck Chandelry	Basic	$47	$178	$197	$422
1410	Pier 41	Piers	$0	$0	$2,830	$2,830
1415	Pier 41 1/2	Piers	$0	$0	$0	$0
1415	Pier 41 1/2 - Blue&Gold Bldg.	Basic	$0	$653	$364	$1,017

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1430	Pier 43	Piers	$98	$0	$265	$363
1430	Pier 43 - Arch	Small	$0	$208	$0	$208
1435	Pier 43 1/2	Piers	$1,920	$0	$13,656	$15,576
1435	Pier 43 1/2 - Franciscan Restaurant	Basic	$553	$587	$353	$1,492
1435	Pier 43 1/2 - Red & White Tours	Small	$0	$0	$0	$0
1435	Pier 43 1/2 - Taits/Patio Sandwhich Shop	Small	$49	$0	$0	$49
1450	Pier 45	Piers	$1,258	$2,189	$152	$3,599
1450	Pier 45 - Shed A	Simple	$448	$1,208	$2,293	$3,949
1450	Pier 45 - Shed B	Simple	$450	$1,215	$1,798	$3,463
1450	Pier 45 - Shed C	Simple	$695	$318	$4,880	$5,894
1450	Pier 45 - Shed D	Simple	$459	$1,098	$1,624	$3,181
1461	Pier 46B China Basin Ferry Terminal	Piers	$803	$0	$8,925	$9,728
1470	Pier 47 - Guardinos Storage Bldg	Small	$0	$53	$0	$53
1470	Pier 47 - Scoma / Fish Prep Bldg	Small	$0	$49	$0	$49
1470	Pier 47 - Scoma Storage Bldg	Small	$0	$87	$0	$87
1470	Pier 47 - Scomas Restaurant	Basic	$324	$1,023	$306	$1,654
1470	Pier 47 - Scomas Storage Shed	Small	$0	$19	$0	$19
1470	Pier 47 - Wharf J6, J7, J8	Piers	$1,767	$716	$3,826	$6,310
1470	Pier 47 WF Albert Seafoods Proc Bldg	Simple	$120	$77	$161	$358
1480	Pier 48	Piers	$7,351	$1,417	$1,340	$10,109
1480	Pier 48 - Shed A	Simple	$1,509	$194	$0	$1,703
1480	Pier 48 - Shed B	Simple	$1,550	$199	$0	$1,749
1485	Pier 48 1/2 - Jellys restaurant	Small	$0	$0	$0	$0
1490	Pier 49 - Aliotos Restaurant (Wharf J-1)	Basic	$0	$357	$298	$655
1490	Pier 49 - Fishermans Grotto No. 9 (Wharf J-1)	Basic	$0	$554	$463	$1,017
1490	Pier 49 - Fishermans Memorial Chapel	Small	$0	$139	$0	$139
1490	Pier 49 - Guardinos (Wharf J-1)	Small	$0	$0	$0	$0
1490	Pier 49 - Sabella & Latorre (Wharf J-1)	Small	$0	$0	$0	$0
1490	Pier 49 - Tarantinos Restaurant (Wharf J-1)	Basic	$0	$216	$176	$392
1490	Pier 49 - The Crab Station (Wharf J-1)	Small	$0	$0	$0	$0
1490	Pier 49 Nicks Lighthouse (Wharf J-1)	Small	$0	$0	$0	$0
1050	Pier 5	Piers	$0	$0	$0	$0
1055	Pier 5 1/2 - Bulkhead Building	Basic	$0	$279	$0	$279
1500	Pier 50	Piers	$26,966	$1,654	$17,471	$46,091
1500	Pier 50 - Shed A	Simple	$1,991	$320	$1,836	$4,147
1500	Pier 50 - Shed B	Simple	$1,033	$1,034	$1,862	$3,930
1500	Pier 50 - Shed C	Simple	$1,244	$1,367	$2,237	$4,848
1500	Pier 50 - Shed D	Simple	$1,196	$865	$2,860	$4,921
1505	Pier 50 1/2	Piers	$0	$0	$329	$329
2505	Pier 50 Administration Building	Basic	$1,601	$549	$480	$2,630
1520	Pier 52	Piers	$0	$0	$3,784	$3,784
1540	Pier 54	Piers	$28,669	$0	$11,361	$40,030
1540	Pier 54 - Office Bldg	Small	$464	$0	$0	$464
1540	Pier 54 - Oil Shed	Small	$111	$0	$0	$111
1540	Pier 54 - Shed Building	Simple	$363	$82	$607	$1,053
1540	Pier 54 - Storage Shed	Small	$0	$37	$0	$37
1600	Pier 60 - Wharf - wood piles	Piers	$1,021	$0	$441	$1,462

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)						
Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
1600	Pier 60 - Wharf Carmens Restaurant	Small	$120	$0	$0	$120
1640	Pier 64	Piers	$2,523	$0	$1,636	$4,159
1645	Pier 64 1/2 Kelly Mission Rock Resort Restnt	Basic	$0	$171	$0	$171
1680	Pier 68	Piers	$6,638	$36,130	$24,104	$66,872
1075	Pier 7 - The Waterfront Restaurant	Basic	$267	$216	$150	$633
1075	Pier 7 1/2	Piers	$0	$0	$0	$0
1070	Pier 7 Public Pier	Piers	$0	$0	$0	$0
1700	Pier 70	Piers	$46,402	$0	$89,458	$135,860
1680	Pier 70 - Pier 68 - Bathrooms Bldg. #141	Small	$0	$0	$0	$0
1680	Pier 70 - Pier 68 - Beth Street Substation #2, Bldg. #50	Small	$83	$0	$0	$83
1680	Pier 70 - Pier 68 - Beth Street Warehouse Bldg. #30	Small	$0	$650	$0	$650
1680	Pier 70 - Pier 68 - Blast Shed Bldg. #150	Small	$0	$0	$0	$0
1680	Pier 70 - Pier 68 - Boiler/Steam Power House - #103	Small	$0	$258	$202	$460
1680	Pier 70 - Pier 68 - Building #149	Small	$0	$0	$0	$0
1680	Pier 70 - Pier 68 - Cable/Electric Shop - Bldg.#38	Simple	$733	$0	$5,616	$6,349
1680	Pier 70 - Pier 68 - Checkhouse #1, Bldg. #122	Small	$0	$0	$165	$165
1680	Pier 70 - Pier 68 - Checkhouse #2, Bldg. #123	Small	$0	$0	$80	$80
1680	Pier 70 - Pier 68 - Equipment Building #36	Simple	$243	$92	$2,290	$2,625
1680	Pier 70 - Pier 68 - Machine Shop - Bldg. #105	Simple	$451	$41	$3,690	$4,182
1680	Pier 70 - Pier 68 - near checkhouse #2, Building #51	Small	$56	$0	$0	$56
1680	Pier 70 - Pier 68 - Office Bldg (#127)	Small	$0	$0	$0	$0
1680	Pier 70 - Pier 68 - Office Bldg Annex to #101, Bldg. #40	Basic	$1,310	$0	$291	$1,601
1680	Pier 70 - Pier 68 - Office Building #101	Basic	$5,515	$545	$25,683	$31,744
1680	Pier 70 - Pier 68 - Office Building #104	Basic	$3,829	$0	$17,407	$21,236
1680	Pier 70 - Pier 68 - Office/Warehouse Bldg.- Bldg #111	Basic	$5,362	$1,213	$9,803	$16,377
1680	Pier 70 - Pier 68 - Ops. Bldg #102	Basic	$751	$160	$835	$1,746
1680	Pier 70 - Pier 68 - Pipe Rack, Bldg. #120	Small	$0	$0	$43	$43
1680	Pier 70 - Pier 68 - Pipe Storage Bldg #107	Small	$0	$200	$0	$200
1680	Pier 70 - Pier 68 - Sheet Metal/Tools Bldg #109	Simple	$1,059	$861	$471	$2,391
1680	Pier 70 - Pier 68 - Shipwright Building -#108	Basic	$5,418	$226	$10,006	$15,650
1680	Pier 70 - Pier 68 - Steel Shop Office (bldg #121)	Small	$0	$85	$0	$85
1680	Pier 70 - Pier 68 - Substation #4 (bldg #58)	Small	$0	$0	$131	$131
1680	Pier 70 - Pier 68 - Substation #6, Bldg. #64	Small	$278	$0	$942	$1,220
1680	Pier 70 - Pier 68 - Substation #7 (bldg #68)	Small	$0	$200	$73	$273
1680	Pier 70 - Pier 68 - Warehouse & 6-ton crane, Bldg. #49	Simple	$85	$117	$23	$224
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #110	Small	$545	$0	$712	$1,257
1680	Pier 70 - Pier 68 - Yard Washroom, Bldg. #119	Small	$200	$0	$0	$200
3450	Pier 70 - SWL 345 - Kneass Boatworks, Main Office/boat storage	Simple	$0	$0	$1,561	$1,561
3450	Pier 70 - SWL 345 - Kneass, Pier 66 Boatyard Office	Small	$278	$0	$0	$278
3490	Pier 70 - SWL 349 - Auto Yard Shop Bldg #19	Simple	$177	$0	$1,042	$1,219
3490	Pier 70 - SWL 349 - Beth Street Stress Relieving, Bldg. #16	Simple	$249	$0	$1,159	$1,408
3490	Pier 70 - SWL 349 - Beth Street Warehouse, Bldg. #32	Simple	$322	$0	$1,428	$1,750
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #24	Small	$476	$0	$662	$1,138
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #25	Small	$0	$207	$50	$257

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3490	Pier 70 - SWL 349 - Beth Street Washroom & Locker, Bldg. #29	Small	$513	$0	$786	$1,299
3490	Pier 70 - SWL 349 - Brass Foundry, Bldg. #115	Simple	$484	$0	$5,161	$5,645
3490	Pier 70 - SWL 349 - Foundry, Bldg. #116	Simple	$484	$0	$5,161	$5,645
3490	Pier 70 - SWL 349 - Test Room, Bldg. #23	Small	$604	$0	$235	$839
3490	Pier 70 - SWL 349 - UIW Machine Shop, Bldg. #114	Simple	$242	$0	$2,353	$2,595
3490	Pier 70 - SWL 349 Building #6 (condemned)	Simple	$1,035	$0	$6,414	$7,449
3490	Pier 70 - SWL 349 Equipment Bldg - Bldg #14	Simple	$433	$0	$4,946	$5,379
3490	Pier 70 - SWL 349 Heavy Machine Shop - Bldg #113	Simple	$2,312	$0	$27,240	$29,552
3490	Pier 70 - SWL 349 Office Building - Bldg. #11 Noonan	Basic	$3,544	$466	$7,608	$11,618
3490	Pier 70 - SWL 349 SF Shipyard Training Bldg 117	Simple	$607	$191	$9,625	$10,423
3490	Pier 70 - SWL 349 Shop Building - Bldg #21	Simple	$225	$0	$3,404	$3,629
3490	Pier 70 - SWL 349 Traffic Department Bldg. #12 & #15	Basic	$7,440	$0	$16,147	$23,587
3490	Pier 70 - SWL 349 Traffic Dept. Shed - Bldg #66	Simple	$615	$0	$544	$1,159
3490	Pier 70 - SWL 349 Warehouse - Bldg.2	Simple	$2,341	$0	$18,733	$21,074
1800	Pier 80	Piers	$8,413	$2,460	$56,833	$67,707
1800	Pier 80 - Entry Canopy	Simple	$226	$0	$272	$498
1800	Pier 80 - Gear & Maintenance Building	Simple	$906	$203	$961	$2,070
1800	Pier 80 - Office Bldg #2	Small	$0	$98	$0	$98
1800	Pier 80 - Service Building	Simple	$1,124	$1,180	$764	$3,068
1800	Pier 80 - Shed A	Simple	$3,813	$1,868	$21,545	$27,226
1800	Pier 80 - Shed D	Simple	$2,757	$1,173	$4,166	$8,096
1800	Pier 80 - Terminal Office	Small	$246	$0	$0	$246
2800	Pier 80 Administration Building	Basic	$2,360	$2,519	$1,935	$6,814
1800	Pier 80 Office Bldg #1	Small	$0	$98	$0	$98
1090	Pier 9	Piers	$10,801	$0	$8,877	$19,678
1095	Pier 9 1/2	Piers	$700	$0	$576	$1,276
1090	Pier 9 Bulkhead/Shed Building	Basic	$8,030	$2,970	$3,169	$14,169
1900	Pier 90	Piers	$9,838	$0	$0	$9,838
1900	Pier 90 - Fire Department Building	Basic	$68	$46	$154	$268
1900	Pier 90 - Maintenance Bldg	Small	$0	$87	$0	$87
1900	Pier 90 - Old Powerhouse	Small	$0	$0	$0	$0
1900	Pier 90 - Storage Bldg	Small	$0	$32	$0	$32
1900	Pier 90 - Truck Pits	Small	$0	$91	$0	$91
1920	Pier 92	Piers	$3,758	$0	$0	$3,758
1940	Pier 94 - 96 wharf area	Piers	$4,679	$0	$13,968	$18,647
1940	Pier 94 - Wharfside Building	Small	$0	$0	$0	$0
1960	Pier 96 - Administration Building	Basic	$556	$498	$383	$1,437
1960	Pier 96 - Bounty Restaurant	Basic	$733	$0	$145	$878
1960	Pier 96 - Entry Canopy	Simple	$173	$0	$246	$419
1960	Pier 96 - Exit Canopy	Simple	$103	$19	$146	$268
1960	Pier 96 - Gatehouse Bldg	Small	$0	$201	$0	$201
1960	Pier 96 - Maintenance Building	Basic	$1,291	$687	$746	$2,724
1960	Pier 96 - Office/Restroom	Small	$0	$119	$0	$119
1960	Pier 96 - Recycling/LASH Terminal	Simple	$2,201	$4,466	$4,596	$11,263
1960	Pier 96 - Storage	Small	$0	$133	$0	$133
1960	Pier 96 - Truck Scales	Small	$0	$35	$0	$35

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
0000	Port-wide Projects	Port Wide	$44,280	$256,808	$4,749	$305,837
4036	Street - 20th east of Illinois	Street	$401	$0	$0	$401
4038	Street - 24th from Michigan to Maryland	Street	$559	$0	$500	$1,059
4043	Street - Amador and extension	Street	$1,774	$0	$15,744	$17,518
4022	Street - Broadway btw Embarcadero & Vallejo	Street	$441	$0	$63	$504
4008	Street - Embarcadero from Taylor to Powell	Street	$0	$0	$0	$0
4020	Street - Green between Davis and Front	Street	$147	$0	$0	$147
3030	Street - Hyde Alley, Fish Alley	Street	$259	$0	$189	$448
4001	Street - Hyde N of Jefferson to Hyde St Pier	Street	$210	$0	$0	$210
4004	Street - Jefferson btw Jones and Leavenworth	Street	$109	$0	$0	$109
4002	Street - Jefferson from Leavenworth to Hyde	Street	$114	$0	$847	$961
4017	Street - Lombard btw Sansome and Embarcadero	Street	$156	$0	$0	$156
4040	Street - Marin east of Michigan	Street	$147	$0	$505	$652
3020	Street - Pier 47, Fish Alley, Al Scoma Way	Street	$350	$0	$0	$350
4003	Street - R.H. Dana Dr. (Leavenworth) N of Jefferson	Street	$129	$0	$0	$129
4033	Street - T. Francois along China Basin	Street	$440	$0	$0	$440
4034	Street - T. Francois btw China Basin and Mission R	Street	$4,605	$0	$0	$4,605
4006	Street - Taylor Street btw. Jefferson and Embarcadero	Street	$267	$0	$252	$519
4041	Street - TN, IN, MN btw Tulare and Marin	Street	$770	$0	$0	$770
3010	SWL 301 - Andre Boudin Pavilion	Small	$0	$0	$1,514	$1,514
3010	SWL 301 - Andre Boudin Restaurant	Basic	$0	$139	$0	$139
3020	SWL 302 - Alioto Fish Co.	Basic	$0	$457	$390	$847
3020	SWL 302 - Castagnola/Storage Bldg	Small	$0	$0	$0	$0
3020	SWL 302 - Crab Boat Owners Asso.	Basic	$339	$0	$67	$406
3020	SWL 302 - Firewood Cafe	Basic	$0	$115	$98	$213
3020	SWL 302 – Pompei's Grotto	Basic	$0	$103	$102	$205
3020	SWL 302 - Port Harbor Office	Small	$0	$53	$0	$53
3020	SWL 302 - Scomas (Smoke House)	Basic	$0	$67	$118	$185
3020	SWL 302 - United Shellfish Warehouse	Small	$0	$160	$0	$160
3030	SWL 302 Cal Shell Fish Shed	Small	$0	$0	$0	$0
3020	SWL 302 Castagnola Rest.	Basic	$0	$437	$364	$801
3020	SWL 302 Coast Marine Supply Mat. Storage Bldg	Simple	$0	$181	$515	$696
3020	SWL 302 Costal Marine Retail Space	Small	$0	$0	$0	$0
3020	SWL 302 D&G Co. d.b.a. Lou Blues	Small	$0	$511	$0	$511
3020	SWL 302 Franks Fisherman Supply	Basic	$85	$248	$202	$535
3020	SWL 302 Substructure (Wharf J-9)	Piers	$4,550	$339	$1,723	$6,613
3020	SWL 302 United Shellfish Processing	Simple	$0	$15	$42	$57
3030	SWL 303 - Alioto Fish Co,	Basic	$0	$325	$181	$506
3030	SWL 303 - Cal Shell Fish	Basic	$0	$275	$120	$395
3030	SWL 303 - Cioppinos/(Hoppe)	Basic	$0	$572	$281	$853
3030	SWL 303 - Franceschis Restaurant	Basic	$0	$112	$91	$203
3030	SWL 303 - GP Resources	Small	$0	$29	$0	$29
3030	SWL 303 - SP Tarantino/Martell Ins	Small	$0	$0	$0	$0
3030	SWL 303 - The Bay Company, Hoppe, Arthur N.	Basic	$0	$252	$206	$458
3110	SWL 311 Pier 39 Garage	Simple	$0	$756	$5,968	$6,724
3130	SWL 313 Embarcadero Triangle Lot Assn.	Simple	$0	$598	$2,830	$3,428

APPENDIX A - 10 YEAR NEED SUMMARY, BY FACILITY (In Thousands)

Fac ID No.	Building Name	Building Type	Backlog	10 Year Renewals	Code & Safety	Total
3150	SWL 315 Office Building (HHC Investment limited)	Basic	$0	$4,255	$3,260	$7,515
3150	SWL 315 Parking Structure	Simple	$0	$502	$3,792	$4,294
3160	SWL 316 Houston's Restaurant	Basic	$0	$487	$311	$798
3170	SWL 317 Office Building	Basic	$0	$6,888	$3,578	$10,466
3180	SWL 318 Roundhouse One	Basic	$0	$627	$496	$1,123
3180	SWL 318 Roundhouse Two	Basic	$1,246	$771	$674	$2,691
3180	SWL 318 Sandhouse	Small	$0	$200	$0	$200
3190	SWL 319 Fog City Diner	Basic	$0	$293	$114	$407
3220	SWL 322 ABC TV	Basic	$0	$8,944	$4,178	$13,122
3300	SWL 330 Restaurant and Apts. at Townsend	Basic	$0	$1,749	$1,848	$3,597
3310	SWL 331 & 332 Delancey Street Foundation	Basic	$0	$3,923	$4,040	$7,963
3430	SWL 343 Blue Peter Building	Simple	$383	$39	$478	$900
3450	SWL 345 - SF Boat Works Office/Shop	Basic	$173	$248	$190	$610
3450	SWL 345 - SF Boat Works Storage/The Ramp	Simple	$147	$0	$158	$305
3520	SWL 352 - Backlands Redevelopment	Basic	$2,304	$0	$0	$2,304
1620	Third Street Bridge House	Small	$0	$0	$0	$0
5470H	Wharf J-11	Piers	$411	$0	$0	$411
5470	Wharf J-4	Piers	$989	$80	$0	$1,069
1490	Wharfs J-1 and J-3 (Pier 49)	Piers	$0	$760	$2,921	$3,681
	PORT TOTAL		**$590,154**	**$471,017**	**$1,039,469**	**$2,100,640**

PORT OF SAN FRANCISCO

MEMORANDUM

March 3, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Request approval of the Port's Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

The purpose of this item is to provide an overview of the Port's proposed Fiscal Years 2010-11 and 2011-12 biennial operating budget, to allow for Port Commission and public input and feedback. This year, there is a significant change to the way the Port's Budget is prepared.

Two-Year Budget

On November 3, 2009, the voters of San Francisco approved Proposition A which, among other things, amended Charter Section 9.100 to require the City to adopt a new rolling two-year budget cycle. As a result of Proposition A, each year the City will adopt a new biennial budget. The Port, along with the San Francisco Public Utilities Commission and San Francisco Airport, were selected to be the first departments to implement the new two-year budget. All other City departments will implement the two-year budget in 2011 for FYs 2011-12 and 2012-13.

The Port Commission is scheduled to approve the Port's Fiscal Years 2010-11 and 2011-12 biennial budget at its March 9, 2010 meeting. Following Port Commission approval, the biennial budget will then be reviewed by Mayor Gavin Newsom's Office, which will submit the budget to the Board of Supervisors by the first of May 2010. The Board will give final consideration to the budget on or about July 31, 2010. The proposed Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget is summarized below.

This Print Covers Calendar Item No. 9A

The following table identifies all of the Port's revenue sources including Estimated Fund Balance that the Port uses to fund capital projects and the budgeted operating reserve.

Sources and Uses Summary

	Budget 2009/10	Budget 2010/11	Increase / (Decrease) Amount	Increase / (Decrease) Percent	Budget 2011/12	Increase / (Decrease) Amount	Increase / (Decrease) Percent
Sources							
Estimated Fund Balance	$16,722,692	$18,564,235	$1,841,543	11.0%	$20,550,000	$1,985,765	10.7%
Revenue	63,876,800	66,897,300	3,020,500	4.7%	69,348,300	2,451,000	3.7%
General Obligation Bonds	13,557,362	16,217,425	2,660,063	19.6%	0	(16,217,425)	-100%
Interest Earnings Restricted for Capital Projs.	1,622,880	0	(1,622,880)	-100%	0	0	0%
Total Sources	$95,779,734	$101,678,960	$5,899,226	6.2%	$89,898,300	($11,780,660)	-11.6%
Uses							
Operating Expense	$59,487,543	61,678,164	2,190,621	3.7%	64,266,392	2,588,228	4.2%
Capital Appropriations	23,157,242	25,774,425	2,617,183	11.3%	12,543,000	(13,231,425)	-51.3%
Annual Projects	4,213,126	4,712,494	499,368	11.9%	3,399,994	(1,312,500)	-27.9%
Operating Reserve	8,921,823	9,513,877	592,054	6.6%	9,688,914	175,037	1.8%
Total Uses	$95,779,734	$101,678,960	$5,899,226	6.2%	$89,898,300	($11,780,660)	-11.6%
Operating Reserve as a Percent of Operating Expense	15%	15%			15%		

With respect to the biennial operating budget, Port staff project operating revenues to increase by 4.7% or $3.0 million in the first year of this budget and by 3.7% or $2.5 million in the second year. Operating expenses are projected to increase by $2.2 million or 3.7% in the first year of the biennial budget and by $2.0 million or 4.2% in the second year. Additionally, staff propose to increase the Port's operating reserve by $592,054 in FY 2010-11 and by $175,037 in FY 2011-12 to maintain 15% of operating expenses consistent with the Port Commission adopted operating reserve policy. The Estimated Fund Balance has increased by approximately $1.8 million in the first year of the biennial budget and $2.0 million in the second year.

Each of the primary changes to the Port's Fiscal Years 2010-11 and 2011-12 biennial budget is described in more detail below.

Revenue

The proposed revenue budget of $66,897,300 for FY 2010-11 reflects a $3.0 million increase or 4.7% more than the FY 2009-10 budget. The proposed revenue for FY 2011-12 is $69,348,300, a 3.7% increase over FY 2010-11 budget. Projected revenues are as follows:

	Budget	Budget	Increase / (Decrease)		Budget	Increase / (Decrease)	
	2009/10	2010/11	Amount	Percent	2011/12	Amount	Percent
Cargo	$4,497,500	$4,495,000	($2,500)	0%	$4,780,000	$285,000	6%
Ship Repair	855,000	974,000	119,000	14%	974,000	$0	0%
Harbor Services	1,335,000	1,328,000	(7,000)	-1%	1,964,000	636,000	48%
Cruise	1,980,000	1,610,000	(370,000)	-19%	1,710,000	100,000	6%
Fishing	1,820,000	1,932,000	112,000	6%	1,975,000	43,000	2%
Other Marine	1,744,000	1,665,000	(79,000)	-5%	1,700,000	35,000	2%
Commercial/Industrial	38,740,000	40,614,000	1,874,000	5%	41,690,000	1,076,000	3%
Parking	10,900,000	12,264,000	1,364,000	13%	12,286,000	22,000	0%
Filming	0	0	0	0%	0	0	0%
Special Events	100,000	100,000	0	0%	100,000	0	0%
Miscellaneous Services	105,000	105,000	0	0%	105,000	0	0%
Facility Damage	6,000	6,000	0	0%	6,000	0	0%
Permits	366,000	366,000	0	0%	500,000	134,000	37%
Miscellaneous Repairs	30,000	30,000	0	0%	35,000	5,000	17%
Negotiation Fees	250,000	250,000	0	0%	100,000	(150,000)	-60%
Interest on Investments	795,000	795,000	0	0%	1,060,000	265,000	33%
Penalties & Svc. Charges	19,300	19,300	0	0%	19,300	0	0%
Miscellaneous Receipts	334,000	344,000	10,000	3%	344,000	0	0%
Total Revenues	$63,876,800	$66,897,300	$3,020,500	5%	$69,348,300	$2,451,000	4%

The changes in the Fiscal Years 2010-11 and 2011-12 biennial revenues are outlined below:

- Cargo revenues are projected to remain steady in FY 2010-11 and then increase by $285,000 or 6% in FY 2011-12. The second year increase is a result of a projected increase in wharfage resulting from expected growth in both bulk, primarily aggregate/sand, and break bulk cargo volumes.

- Ship Repair revenues are projected to increase by $119,000 or 14% in FY 2010-11 based on the lease's minimum annual rent obligation. Lease revenue will remain flat in FY 2011-12. No percentage rent was budgeted as 100% of it will be credited back for the capital improvements to the drydock.

- Harbor Services revenues are projected to decrease slightly in FY 2010-11. This is a result of postponement of the San Francisco Bar Pilots' rent increase until

January 2011. FY 2011-12 reflects a projected $636,000 increase in revenue resulting primarily from the full annualization of the SF Bar Pilots' new lease as well as 1% general CPI increase for all other accounts.

- Cruise revenues are expected to decrease by $370,000 or 19% in FY 2010-11 based on fewer cruise call bookings for calendar year 2010. These decreases are a result of the cruise lines' decisions to make fewer Alaska calls. FY 2011-12 revenue increases by 6% based on a projected increase of three additional calls.

- Fishing revenue growth in both years, $112,000 in FY 2010-11 and $43,000 in FY 2011-12, result from adjustments in dockage and fishing industry rent.

- Other Marine revenues are expected to decrease in FY 2010-11 by $79,000 or 5% based on lower layberth activity and will show a slight increase of 2% in FY 2011-12 resulting from a proposed 15% increase in landing fees.

- Commercial/Industrial rent is expected to increase by $1,874,000 or 5% in FY 2010-11 primarily from an increase in percentage rent of $1.8 million over the FY 2009-10 budget. This increase is based on current year actual percentage rent receipts which did not experience the steep decline that was projected in the FY 2009-10 budget. Projections for FY 2010-11 anticipate continued weakness in our tenants' sales activities and represent a 19% decline over FY 2008-09 actual receipts. Rent from non-percentage leases is expected to increase by $604,000 or 2% over FY 2009-10. This is primarily as a result of the activation of the Trans Bay Cable lease resulting in an additional $1 million in rent that is partially offset by increased vacancies at other Port locations. FY 2011-12 reflects a projected 1% CPI increase in most leases.

- Parking revenue is projected to increase by $1,364,000 or 13% in FY 2010-11 primarily due to: 1) a new parking operator taking over operations of Sea Wall Lots 322-1, 321, 323 and 324 in January 2010 and increasing revenue by approximately $570,000; and 2) the expected impact from a new agreement for the parking operations at SWL 301 and Pier 45. FY 2011-12 revenue will remain flat, a 1% CPI increase is partially offset by loss of revenue resulting from the closure of the Pier 27 lot in preparation for the start of the Cruise Terminal construction.

- Building Permit revenues are expected to remain stable in FY 2010-11 and increase in FY 2011-12 by $134,000 due to an anticipated increase in tenant construction activity.

- Negotiation fees are expected to remain stable in FY 2010-11 and then decline by 60% in FY 2011-12 as a result of lull in new development projects.

- Interest on Investments is expected to continue at the same level in FY 2010-11 and then increase by $265,000 or 33% in FY 2011-12 as a result of an anticipated increase in interest rates of 0.5%.

Expense

The proposed FY 2010-11 biennial expense budget of $66,390,658 is a $2,689,989, or 4.2% increase over the prior fiscal year. In the second year of this biennial budget, FY 2011-12, expense increases by an additional $1,275,728 or 1.9%. The expense summary for Fiscal Years 2010-11 and 2011-12 is as follows:

	Budget	Budget	Increase / (Decrease)		Budget	Increase / (Decrease)	
	2009/10	2010/11	Amount	Percent	2011/12	Amount	Percent
Salaries & Benefits	$28,110,910	$29,426,938	$1,316,028	4.7%	$31,023,673	$1,596,735	5.4%
City-wide Overhead	261,219	261,219	0	0%	261,219	0	0%
Other Current Expenses	8,654,886	9,955,505	1,300,620	15.0%	10,545,034	589,529	5.9%
Materials & Supplies	1,449,659	1,482,126	32,467	2.2%	1,541,803	59,677	4.0%
Fixed Charges	632,187	626,030	(6,157)	-1.0%	631,230	5,200	0.8%
Capital Outlay (Equipment)	242,982	569,625	326,643	134.4%	521,302	(48,323)	-8.5%
Annual Projects	4,213,126	4,712,494	499,368	11.9%	3,399,994	(1,312,500)	-27.9%
Debt Service	4,702,760	3,075,050	(1,627,710)	-34.6%	3,076,672	1,622	0.1%
ADM - Insurance & Risk	1,890,033	2,127,000	236,967	12.5%	2,168,000	41,000	1.9%
City Attorney - Legal Services	2,554,650	2,759,022	204,372	8.0%	2,759,022	0	0%
Fire Protection Services	2,775,131	3,215,386	440,255	15.9%	3,215,386	0	0%
DHR – Workers Compensation	826,811	826,811	0	0%	826,811	0	0%
PUC - Light, Heat & Power	1,656,275	1,823,541	167,266	10.1%	2,057,838	234,297	12.8%
Planning	769,766	388,044	(381,722)	-49.6%	421,202	33,158	8.5%
Central Shops	480,398	540,398	60,000	12.5%	540,398	0	0.0%
Controller	157,595	157,595	0	0.0%	157,595	0	0.0%
Dept. of Technology	857,440	905,313	47,873	5.6%	950,579	45,266	5.0%
Police	578,349	288,349	(290,000)	-50.1%	294,849	6,500	2.3%
Real Estate	334,940	419,365	84,425	25.2%	435,365	16,000	3.7%
Parking & Traffic	487,458	845,000	357,542	73.3%	848,000	3,000	0.4%
All Other Departments	1,783,106	1,704,858	(78,248)	-4.4%	1,709,425	4,567	0.2%
Interdepartmental Recovery	(303,000)	(303,000)	0	0%	(303,000)	0	0%
Revenue Transfer Out – DPT	583,989	583,989	0	0%	583,989	0	0%
Total Expenses	$63,700,669	$66,390,658	$2,689,989	4.2%	$67,666,386	$1,275,728	1.9%

As described below, the major increases in the Fiscal Years 2010-11 and 2011-12 biennial expense budget occur in line items for payment of Salaries and Mandatory Fringe Benefits, Other Current Expenses and Services of Other Departments. Such increases were off-set by a delayed Debt Service payment in the first year and by a decreased facility maintenance Annual Project cost in the second year.

- Salaries and mandatory fringe benefits are projected to increase in the first year of the biennial budget by a total of $1,316,028 or 4.7%. Approximately $800,000 of this increase is a result of a 43% increase in the Port's contributions to the City's retirement fund. Health insurance rates are expected to increase by 10%, but the City anticipates offsetting some of these costs by changing the way it budgets dependent health care costs. The remaining increase consists of salary costs that result from the addition of a new Maintenance position and from the expiration of temporary salary reductions negotiated between the City and most of the municipal labor unions. In the second year of this budget, FY 2011-12, these costs increase by an additional 5.4% or $1.6 million. Mandatory fringe benefit costs continue to be the primary driver with retirement costs increasing by 22% and health insurance projected to increase another 10%, resulting in fringe benefit costs increasing by $1.3 million or 15.4%. Salary cost in the second year increases by $76,742 resulting from a new position in Maintenance. There are no projected MOU salary increases anticipated in FY 2011-12.

- Other Current Expenses increased by a total of $1.3 million or 15%, in FY 2010-11 primarily due to increased Professional Services costs, of which 56% is a result of the Terminal Management Agreement for operation of Pier 80. In prior years, the cost of this management agreement was paid as revenue credits. The Controller's Office has mandated the end of this practice and thus the cost is now shown in the Professional Services budget. The Revenue Budget has been correspondingly increased as a result of this change. The balance of the increased cost is a result of I.T. and financial consulting services of $244,500 or 19%, state mandated air quality plans, and consulting services to review PG&E remediation of Port property contaminated by the Potrero Power plant of $190,000 or 15%. The remaining 10% increase is the result of additional Planning and Development consulting services. In FY 2011-12, Other Current Expense increases by $589,529 or 5.9% primarily resulting from the Professional Services costs associated with integrating the Port I.T systems with the City's new payroll and personnel system, increases in the Rent and CAM charges for the Port's offices in Pier 1, and Portwide utility costs.

- Capital Outlay is expected to increase in FY 2010-11 by $326,643 or 134.4% due to the replacement of maintenance vehicles as well as I.T. equipment needed to upgrade the Port's I.T. infrastructure in order to handle the continued growth in demand. In FY 2011-12 Capital Outlay costs decrease by $48,323, resulting from reduction in I.T. equipment acquisitions.

- Annual Projects increase by $499,368 in FY 2010-11 primarily from I.T. system upgrade projects, including the replacement of the Port's maintenance management system. In FY 2011-12, Annual Projects decrease by $1.3 million, primarily as a result of significant completion in I.T. projects.

- The Port's budget for Fire Protection Services increased by $440,255 or 15.9% based on projected salary and fringe increases in FY 2010-11 as well as an increase in dry-docking costs. In FY 2011-12, there are no projected cost increases.

- The Port's work-order to the Department of Parking and Traffic increased by $357,542 as a result of increased costs associated with the maintenance and management of

the Port's new parking meters. Since the FY 2010-11 budget includes the cost of upgrading software, costs are not expected to increase further in FY 2011-12.

- The Port's work-order to the SFPUC's Bureau of Light Heat and Power increased by $167,266 in FY 2010-11, for loan repayment to SFPUC for the first and second phase of the Energy Efficiency Project. FY 2011-12 costs are increased by $234,297 as the Port begins repayment of the third and final phase of the project.

Staffing Changes Proposed

Finance and Administration Division

1823 Senior Administrative Analyst (Reclassified) - $94,068 annual salary
This would reclassify an existing Accountant II position. The Accounting unit requires an 1823 position to perform complex professional analytical work under only general direction. This position supports the Port's capital project and facility maintenance programs. Many of the Port's projects are supported by grants and other external financing sources with requirements and restrictions that require close monitoring, complex financial analysis and associated administrative analysis and reporting. This reclassification also alleviates the on-going issue with recruitment and retention.

Maintenance Division

7376 Sheet Metal Worker (New) FY 2010-11 $94,978 annual salary
Historically, this position has been capital funded but Port staff propose to transition the position into the operating budget. This position is required to maintain minimal staffing levels within the Sheet Metal Shop. The Sheet Metal Shop has four employees including this position.

3417 Gardener (New) FY 2011-12 $61,360 annual salary
The Port will be opening new parks as a result of the Park Bond Measure. The new parks will require maintenance and currently the Port has only one Gardener position funded in the Operating Budget.

Engineering Division

6334 Chief Building Inspector (Reclassified) $128,518 annual salary
This would reclassify the Port's 6333 Senior Building inspector to a 6334 Chief Building Inspector. This position has the overall responsibility of managing the Port's Building Permit Group. The incumbent's responsibilities include developing and managing the Port's computerized building permit and code enforcement tracking systems, managing retention of building permit and code enforcement files and records, maintaining, updating and enforcing the Port Building Code.

Executive Division

1824 Principal Administrative Analyst (Reassigned)
This position will be reassigned from the Finance and Administration Division to the Executive Division and will assist the Special Projects Manager by assuming

responsibilities for federal legislative programs while continuing to handle grant funds development and the annual capital plan.

Conclusion

The Port's proposed Fiscal Years 2010-11 and 2011-12 biennial operating expense budget is a 4.2% increase in the first year and 1.9% increase in the second, while adding $592,054 to the Port's operating reserve in FY 2010-11 and $175,037 in FY 2011-12. The primary increase to the Port's budget is to fund salaries and fringe benefits which reflect wage increases and increased contributions to the City's retirement fund as well as Professional Services and the Service of Other Departments. The biennial budget continues to provide funding for one-time projects that will enable the Port to repair, manage, and develop the City's waterfront. The Port's Fiscal Years 2010-11 and 2011-12 biennial revenue budget includes growth in percentage rents and rent from parking lots. This is primarily a result of current year revenue not being as negatively impacted as was anticipated in the FY 2009-10 budget. The revenue projections in this new two-year budget reflect the continued weakness in the nation and City's economy. While this budget is not ideal because of a diverse revenue base, the Port appears to be well situated to weather the current economic downturn without making drastic reductions to its budget.

Recommendation:

Port staff submits to the Port Commission the Port's Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget and recommends its approval for submission to Mayor Gavin Newsom and the Board of Supervisors. After the Biennial Operating Budget has been approved by Mayor Newsom and the Board of Supervisors, staff will return to the Port Commission this summer to report on any material changes to the Biennial Operating Budget.

Prepared by: Andrés Acevedo, Budget Manager
Finance and Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-07

WHEREAS, In November 2009, the voters of San Francisco approved Proposition A which amended Section 9.100 of the San Francisco Charter to require the City to adopt a new rolling two-year budget cycle; and

WHEREAS, Under Section 9.100, each year the City will adopt a new biennial budget; and

WHEREAS, In accordance with Section 9.100, Mayor Gavin Newsom has proposed and the Board of Supervisors has designated the Port Commission, the San Francisco Public Utilities Commission and the San Francisco Airport Commission for early implementation of the biennial budget commencing July 1, 2010; and

WHEREAS, Port Commission staff has developed a proposed Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget; and

WHEREAS, The proposed Biennial Operating Budget includes projected revenues of $66,897,300 in Fiscal Year 2010-11 and $69,348,300 in Fiscal Year 2011-12; and

WHEREAS, The proposed Biennial Operating Budget includes projected expenses of $66,390,658 in Fiscal Year 2010-11 and $67,666,386 in Fiscal Year 2011-12; and

WHEREAS, The proposed Biennial Operating Budget includes an operating reserve of $9,513,877 in Fiscal Year 2010-11 and $9,688,914 in Fiscal Year 2011-12; and

WHEREAS, The proposed Biennial Operating Budget is described in greater detail in the staff's memorandum to the Port Commission, dated March 3, 2010, accompanying this Resolution and on file with the Secretary of the Commission; and

WHEREAS, Port Staff recommends that the Port Commission approve the proposed Biennial Operating Budget; and

WHEREAS, The proposed operating budget must also be approved by Mayor Gavin Newsom and the Board of Supervisors; and, now therefore, be it

RESOLVED, That the Port Commission hereby approves the Fiscal Years 2010-11 and 2011-12 Biennial Operating Budget as presented by staff; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to make non-material changes to the operating budget that the Executive Director deems to be in the Port's best interest; and, be it further

RESOLVED, That after the Biennial Operating Budget has been approved by Mayor Newsom and the Board of Supervisors, staff will return to the Port Commission this summer to report on any material changes to the Biennial Operating Budget.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 3, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation regarding Environmental Investigations and Interim Remedial Measures conducted by Pacific Gas & Electric, Inc., in the vicinity of the Potrero Power Plant, south of Pier 70

DIRECTOR'S RECOMMENDATION: Informational Only – No Action Required

Background

In early 2009, the Office of Mayor Gavin Newsom convened a meeting between Port staff and senior Pacific Gas & Electric, Inc. (PG&E) management to encourage cooperation between the Port and PG&E to accomplish more aggressive and expedited remedial action of environmental contamination at the Potrero Power Plant property ("the Site"). Subsequent to that meeting, Port staff and PG&E representatives have met regularly to review and refine PG&E proposals and work plans for further site investigation, interim remedial action on the Port's shoreline to protect human health and the environment, and future steps to develop a final remedial solution for both offshore and onshore contamination to protect human health and the environment. PG&E staff has kept the San Francisco Bay Regional Water Quality Control Board (Water Board) staff updated on these discussions and obtained approval of proposals and work plans as appropriate.

On April 28, 2009, representatives of PG&E participated in an informational presentation to the Port Commission describing the industrial history of the Potrero Power Plant property, the environmental issues that were created by that industrial use, and PG&E's plans to address the resulting environmental issues. This Site is of interest to the Port because industrial wastes from former manufactured gas plant operations at the Site have migrated onto Port property along the shoreline of the property, within

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sediments in the adjacent San Francisco Bay, and beneath the Port's Pier 70 property. Exhibit A shows the location of the Potrero Power Plant Property. Exhibit B shows the locations of historical uses.

At the March 9, 2010 Port Commission meeting, PG&E representatives will provide an informational presentation to the Port Commission describing the environmental investigation and interim remedial actions that PG&E has completed since April 2009, under the oversight of the Water Board and with the consent of Port staff. Future work at the Site will also be addressed by PG&E. The work is described in more detail in the attached memorandum from PG&E.

Port staff has been impressed by the staffing and resources PG&E has dedicated to this project over the past year. PG&E will continue to periodically update the Port Commission on its progress at the Site. Additionally, PG&E will work with Port staff to present this information to the public, via the Port's Central Waterfront Advisory Group. Port staff will continue to keep Mayor Newsom and the Board of Supervisors advised of Site investigation, public participation and remedial action planning efforts.

Prepared by: Jay A. Ach, Manager
Regulatory & Environmental Affairs
Maritime Division

Prepared for: Peter Dailey, Deputy Director
Maritime Division

Attachment:
Memorandum from Pacific Gas & Electric, Inc., dated March 9, 2010

Exhibits:
Exhibit A: Location of Potrero Power Plant Property
Exhibit B: Site Plan showing locations of Historical Uses

Pacific Gas and Electric Company

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MEMORANDUM

March 9, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Darrell Klingman
Pacific Gas and Electric Company
Environmental Remediation Manager

SUBJECT: Informational Presentation Regarding Environmental Investigations and Interim Remedial Measures Conducted by Pacific Gas & Electric, Inc. in the Vicinity of the Potrero Power Plant, South of Pier 70

Overview

Pacific Gas & Electric, Inc. ("PG&E") is in the process of investigating upland and offshore sediment impacts in the vicinity of the Potrero Power Plant ("Potrero Site") related to a manufactured gas plant[1] ("MGP") that formerly existed on the Potrero Site (see Exhibit A). In addition to conducting the investigations, PG&E with cooperation of the Port, recently completed a shoreline revetment project (i.e., an interim remedial measure) along the northeast corner of the Potrero site. This project included the removal of debris and MGP-related materials, the placement of a reactive core mat, and construction of a armor stone along the shoreline to protect future erosion from storms and visually blend with the existing shoreline on the adjacent Pier 70 property.

The Potrero Power Plant is located on private property formerly owned by PG&E or its predecessors since the early 1870's; the plant was sold by PG&E to Mirant Corporation (formerly Southern Energy, "Mirant") in 1999. Pursuant to the Burton Act, the Port owns a small strip of shoreline adjacent to the Potrero Site and the offshore sediments. The Port's Pier 70, a 65-acre site that has been the subject of Port master planning for the past three years, lies directly north of and adjacent to the Potrero Site. MGP-related impacts are present in the shoreline strip, the offshore sediments, and a small part of the Pier 70 area.

After receiving data from its 2009 investigation efforts, both upland and offshore, PG&E has proposed preliminary, conceptual plans to Port staff and the Regional Water Quality Control Board ("Regional Board") that PG&E believes will likely to lead to the successful remediation of the property and adjacent areas of Port property impacted by PG&E's historical operations.

Background

The Potrero Site and an adjacent parcel to the south have a long industrial history dominated by gas manufacturing and sugar refining. These industrial activities were consistent with the shipyard and other industrial uses to the north at the Pier 70 area and with freight rail and other industrial uses to the south.

[1] Manufactured gas plants were used in the late 1800's through early 1900's to produce "town gas," a natural-gas like product that was used for street lighting and industrial and domestic uses prior to the advent of a modern system of long-distance natural gas pipelines.

Potrero Site

The Potrero Site looked much different in years past. The Potrero manufactured gas plant ("Potrero MGP") was located along the north border of the property (see Exhibit B). The Potrero MGP operated from 1872 to 1930, then was placed on stand-by status for approximately 30 years prior to its dismantling in 1961-62. A large sugar refinery, owned by Claus Spreckles, operated on the current power plant property in the area immediately south of the Potrero MGP from 1881 to 1951. In addition, an electric generating plant, Station A, operated on the power plant property from 1901 to 1979. A large wharf extended along the waterfront to the east of the sugar refinery and a smaller wharf was located along the waterfront east of the MGP.

In 1965, the first unit of the existing Potrero Power Plant was constructed by PG&E in the area of the former sugar refinery. PG&E retained ownership of the power plant until April 1999, when the Potrero Power Plant was sold to Southern Energy (now Mirant). As part of the power plant sale, PG&E retained liability for environmental impacts existing at the time of sale.

Independent MGP

In 1901, the Spreckles family started a gas company, known as Independent Gas Company, and constructed a small manufactured gas plant located between the sugar refinery and Warm Water Cove, essentially on the north shore of Warm Water Cove (Exhibit B). The Independent MGP was located on an adjacent property that is not part of the Potrero Site. This MGP was purchased by San Francisco Gas and Electric Company in 1903. In 1905, PG&E became the owner/operator of both the Potrero and Independent MGPs. In 1906, PG&E converted the gas generators of the Independent MGP to use lampblack from the larger Potrero MGP as fuel in its generation of gas. The Independent MGP ceased operations in 1915.

Manufactured Gas Plants: Operations and Issues

MGPs typically used coal or petroleum as a feed stock to produce gas for heating, cooking and lighting. This process also produced byproducts including solids referred to as lampblack (a black, sooty solid that resembles charcoal) and viscous liquids referred to as coal tar[2]. If a market was present for the byproducts, they were often sold. For example, records indicate that byproduct from the Potrero MGP were used as fuel for the Independent MGP. Byproducts not sold were often discarded or buried on site as residues or waste products.

Both lampblack and coal tar contain high proportions of a group of chemicals called polycyclic aromatic hydrocarbons (PAHs). PAHs occur naturally in crude oil and coal, as well as in petroleum products and as byproducts of combustion. Some PAHs are of human health and environmental concern due to toxicity and carcinogenicity. The chemical characteristics of PAHs tend to restrict their mobility in the environment.

PG&E–Regional Board–Port Interactions Regarding Potrero Site

PG&E has been conducting environmental investigations at the Potrero Site since the mid-1990's, with the bulk of the investigations conducted since 1998. On April 17, 2001, the Regional Board was designated as the lead administering agency for the voluntary cleanup pursuant to a state law known as "AB 2061" law which allows for a single agency to be the lead oversight agency for an environmental cleanup. PG&E's actions have been strictly voluntary; no environmental agency has issued an enforceable cleanup order, nor has PG&E entered into an enforceable agreement for cleanup.

The initial investigations evaluated the overall Potrero property with recent investigations generally focused on the eastern portion of the site. An investigation by Fluor Daniel (1998), first described the presence of liquid coal tar as a DNAPL beneath the eastern part of the property. This observation was confirmed by additional studies completed by Geomatrix (currently AMEC) and its subconsultants for PG&E (e.g., Geomatrix 2000, 2004, 2008; Anchor, 2006). The existence of an area of PAH contamination in the sediments offshore of the property was first identified by a URS (2000, 2001) study completed for Mirant, and recently confirmed by Haley & Aldrich (2009a, 2009b).

[2] Coal tar is denser than water, so when released into the environment, it tends to migrate through porous earth materials, unimpeded by groundwater, until its migration is contained by an impermeable geologic barrier. For this reason, coal tar is referred to as a "dense, non-aqueous phase liquid," or "DNAPL."

Pursuant to the Regional Board-approved site investigation work plan for Bay sediments offshore of the Potrero site and associated Port license agreements, PG&E and its consultants began an extensive program of sampling and testing offshore sediments in February (Phase 1) and July/August (Phase 2) 2009. During this investigation, the Port took the additional step of having an independent consultant observe the sediment sampling/testing operations and during the first phase of the investigation, conducted a separate analytical program in order to provide an independent data set.

In addition to conducting upland and offshore sediment investigations at the Potrero site in 2009, PG&E, with the support and cooperation of the Port, completed a shoreline revetment project (interim remedial measure) in the northeast portion of the site. Project plans were reviewed and permitted by the Port, the Bay Conservation and Development Commission (BCDC), the Regional Board, and Army Corps of Engineers (ACOE), along with consultations from National Oceanic and Atmospheric Administration (National Marine Fisheries Service), U.S. Fish and Wildlife Service, and California Department of Fish and Game. The project included the removal of debris and MGP-related materials from the upper few feet of fill material from within the project area, the placement of a reactive core mat to prevent potential future impacts from possible underlying MGP residues, and the construction of armor stone to prevent future erosion from storms and visually blend with the surrounding shoreline on Pier 70. PG&E also undertook a clean-up of wood debris on the Pier 70 shoreline adjacent to the revetment project area. The interim remedial action was conducted in January and February 2010 and is an excellent example of the cooperative and constructive working relationship that the Port and PG&E have developed over the past year.

Beginning with the previously obtained data, and incorporating the data from the recent upland and offshore sediment investigations, PG&E is developing a site conceptual model[3] and a path forward that PG&E believes will likely to lead to the successful remediation of the property and adjacent impacted Port parcels.

Future Steps – Potrero Power Plant Site
PG&E is proposing the following as next steps, with each step to be reviewed by the Regional Board and the Port, and major milestones may be subject to public comment prior to implementation:

Sediments and Shoreline

- Receive comments from agencies on Phase 2 Sediment Investigation data (March 2010)
- Conduct additional sediment characterization, engineering pre-design studies, and permitting data collection (Spring 2010 through Winter 2011)
- Complete Final Sediment Evaluation Report with results from all sediment sampling (Summer 2011)
- Community outreach to discuss sediment remediation alternatives (late 2010 through early 2011)
- Complete Sediment Focused Feasibility Study to evaluate remedial alternatives and develop recommendations (Spring – Summer 2011)
- Prepare and finalize Remedial Action Plan (Summer 2011 to Summer 2012) followed by design and contracting in 2013.
- CEQA – 2012 through 2013
- Permitting and construction of sediment and final shoreline remedy (2013- 2014), subject to environmental review and shutdown of Mirant power plant.

NE Area of Potrero Power Plant Property:

- Community outreach to discuss DNAPL and groundwater remedial alternatives (Spring - Summer 2010)
- Complete Upland Focused Feasibility Study to evaluate DNAPL and groundwater remedial alternatives and develop recommendations (Spring – Summer 2010)
- CEQA – late 2011 through 2012
- Permitting – late 2011 through early 2013

[3] A site conceptual model identifies the primary source of contamination in the environment, shows how chemicals at the original point of release might move in the environment, and identifies exposure pathways that may harm human health or the environment.

- Construct upland remedy to prevent the potential for DNAPL to migrate to the Bay (2013), subject to environmental review and completion of shutdown and demolition of Mirant power plant.

Area of Power Plant Property Outside the NE Area:

- Maintain the asphalt cap and the Deed Restriction (which limits property use to industrial/commercial uses).
- Complete human health risk assessment and documentation to support regulatory closure and redevelopment for this portion of the site (2010 -2012).

PG&E notes that the steps outlined above are subject to regulatory approval and the dates are tentative due to uncertainties in stakeholder and regulatory review times. PG&E remains committed to expedite the remediation process and to work continuously with the Port throughout the process, as well as provide updates to the stakeholder groups at important milestones in the project.

Exhibits

Exhibit A: Location of Potrero Power Plant
Exhibit B: Site Plan Showing Locations of Historical Uses, Potrero Power Plant Site

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Port of San Francisco, 2006, *RE: "Work Plan for Shoreline Investigation Activities (Geomatrix, January 2006),* letter to Regional Water Quality Control Board. March 7, 2008.

Port of San Francisco, 2008, *RE: "Work Plan for Shoreline Investigation Activities (Geomatrix, January 2006), Potrero Power Plant Site,"* letter to Regional Water Quality Control Board. March 15, 2006.

URS/Dames & Moore, 2001, *Final Offshore Sediment Characterization Report, Potrero Power Plant*, prepared for Mirant California LLC. May 18, 2001.

EXHIBIT A: LOCATION OF POTRERO POWER PLANT PROPERTY

Port of San Francisco

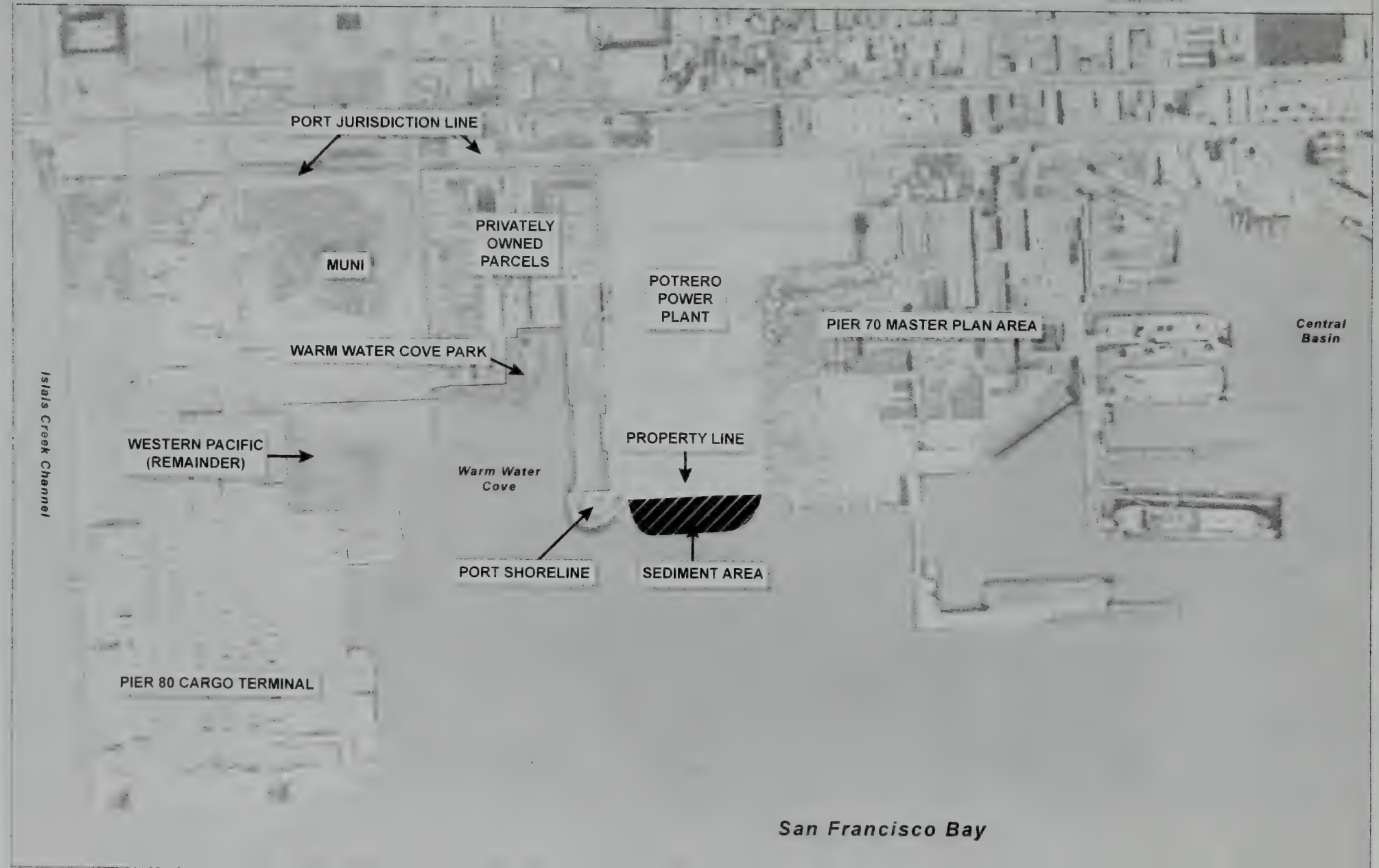


EXHIBIT B: SITE PLAN SHOWING LOCATIONS OF HISTORICAL USES

Potrero Power Plant Site
San Francisco, California



Note:
1948 aerial photograph used for background.

PORT OF SAN FRANCISCO

MEMORANDUM

March 3, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation on the comments received and proposed revisions to complete the Pier 70 Preferred Master Plan and on the Pier 70 Development Solicitation Process

DIRECTOR'S RECOMMENDATION: Informational Only - No Action Required

Executive Summary

This informational presentation is the culmination of the Port of San Francisco's public planning process to define Pier 70's future. Pier 70, the historic Bethlehem Steel Shipyard, is a 65 acre site on San Francisco's Central Waterfront just south of Mission Bay, bounded generally by Mariposa Street to the north, Illinois Street to the west, 22nd Street to the south and San Francisco Bay, to the east.

The Port released a Draft Preferred Master Plan for Pier 70 in July 2009, which has undergone extensive public review and comment. The Plan crafts a vision to balance the needs of the ongoing ship repair operations, preserve historic resources, create new waterfront parks and a new jobs center in a financially and environmentally sustainable manner. Interested parties are encouraged to review the Plan on the Port's website and detailed information about Pier 70 at www.sfport.com/pier70. In addition, there have been a series of Port Commission presentations regarding the studies and steps followed to complete the Pier 70 planning process, which are available to the public on the website.[1]

This staff report summarizes the Port, Planning and Historic Preservation Commission's feedback and public comments received and proposed revisions to complete the

This Print Covers Calendar Item No. 11A

[1] Previous Port Commission presentations: June 12, 2007, December 16, 2007, January 11, 2008, April 22, 2008, August 12, 2008, July 14, 2009, and August 11, 2009.

Preferred Master Plan. In general, comments have been positive, affirming the vision and purpose of the Plan. Some revisions to the Plan's goals and objectives are proposed based on comment received. They are presented in this staff report with supporting documentation, to fine tune the policy direction to guide future rehabilitation and development efforts. If the Port Commission concurs, Port staff will complete the Preferred Master Plan and publish it in early April 2010.

This Plan will guide the Port's next actions regarding Pier 70 which also are proposed in this staff report. One of the key goals of the Plan is to preserve and rehabilitate Pier 70's extraordinary collection of historic buildings which are fast deteriorating. This drives the need to move forward with implementation efforts as quickly as possible. To achieve this, public and private sector investments are essential. The Port, with the support of San Francisco's voters and elected officials, has secured significant public financing tools for this project and continues to seek public funds. Attracting private partners is the next step. This staff report presents for Port Commission and public review and comment Port staff recommendations for two development solicitation efforts to attract private partners.

- The first offering would be the southeast corner of the site, almost 20 acres with capacity for 2.5 million square feet of new development, termed, the "Waterfront Site". (Exhibit A is a map of the site).This site's rent and tax revenues will support investment in parks, infrastructure and historic buildings for all of Pier 70.
- The 20th Street Historic structures are proposed as the second offering. Partnering with developers, businesses, or institutions that can re-purpose these buildings will advance the case for public and private investment.

While these developer solicitations proceed, Port staff will continue to address critical planning and development issues including environmental investigations and remediation planning, park planning, coordination with the shipyard tenant and pursuit of state and federal funds. Further investigations of infrastructure conditions and phasing will be needed to negotiate the development terms. Separately, critical repairs and building stabilization are advancing as Port-led projects to enhance the future prospects for the site and increase interim leasing revenues[2].

Pier 70 Master Plan Background

In 2007, the Port of San Francisco commenced a public planning process to develop a Preferred Master Plan for Pier 70. The purpose of the Plan is to define a framework that will recognize and preserve Pier 70's historic resources, invite new economic development of this brownfields site and provide a generous waterfront open space network, in an economically and environmentally sustainable manner compatible with the Port's ongoing maritime ship repair operations at Pier 70.

Specifics of the Pier 70 Plan include:

- Continued operation of the ship repair yard on approximately 15 acres;

[2] The Port's proposed capital budget for FY2010/11 and FY2011/12 includes several Pier 70 projects.

- Establishment of a Pier 70 National Register Historic District and adaptive reuse of approximately 700,000 square feet of historic buildings;
- 3,000,000 square feet of new infill development compatible with the historic district predominately for job creating uses such as office and technology space;
- 6,000 – 8,000 new jobs;
- Approximately 11 acres of waterfront open space and an additional 9 acres of internal open space; and
- Environmental remediation and infrastructure to support the Plan's mix of land uses.

The Plan also includes recommendations regarding historic preservation, built form, open space and public access, transportation and parking.

The three-year public planning process has been extensive, involving seven Port Commission meetings and over 70 public workshops and community presentations to incorporate insights and comments from the City's diverse stakeholders. The Port worked with a consultant team to address the complexities of adaptive reuse and infill development at Pier 70. In addition, the Port has worked closely with sister City agencies, as well as key state and federal agencies with jurisdiction over development within Pier 70.

Since the Draft Preferred Plan was released and presented to the Port Commission in August 2009, Port staff has conducted further community outreach to seek comment on the Plan. In September 2009, both the City's Planning and Historic Preservation Commissions received informational presentations on the Draft Plan. Each of these Commissions will play an important role in future Pier 70 development. Comments by both bodies were extensive and very supportive, applauding the clearly defined policy approach to the Plan, integrated with strategies to address financial challenges of implementation.

Port staff also met and solicited comments through stakeholder meetings with the Port's Central Waterfront Advisory Group (CWAG), San Francisco Planning and Urban Research Association (SPUR), San Francisco Tomorrow, San Francisco Architectural Heritage, San Francisco Housing Action Coalition, and the Potrero Boosters. In addition, exhibits on the Plan were featured in the main exhibit hall at the Urban Land Institute's November 2009 Annual Meeting in San Francisco and also at SPUR's new Urban Center from November 2009 through January 2010. The Plan was accessible through the Port's Pier 70 web site (www.sfport.com/pier70) which allows the public to comment on the draft.

Comments on the Plan have been very positive overall. There is public consensus regarding the Plan's historic preservation, maritime, open space and environmental objectives, and the need for new development to provide the economic resources to deliver those public benefits. Comments were received from a variety of sources, and are summarized, by Plan chapter, in Exhibit B.

Based on the comments received, Port staff proposes some revisions and refinements to the Plan goals and objectives, presented below. The revisions are intended to sharpen or clarify the intent of the policy rather than change its content. Port staff also will be revising the supporting narrative of the Plan to incorporate details raised in the public comments, consistent with the revised Plan goals and objectives. The completed Preferred Master Plan will be available in early April 2010.

Proposed Changes to Goals and Objectives

Pier 70 Vision

Create a vital ~~and inviting~~ landmark status district at Pier 70 that integrates historic rehabilitation, activates new waterfront open spaces, creates a new jobs center that recalls Pier 70's historic activity level and generates revenues critical to realize public benefits, consistent with ~~and supports a~~ continuing ship repair industry operations.

Master Plan Goals

1. Create a Pier 70 National Register Historic District and rehabilitate its extraordinary historic resources.
2. Preserve the long-term viability of the maritime ship repair industry.
3. Create a major new shoreline open space system that extends the San Francisco Bay Trail and Blue Greenway to and through Pier 70.
4. Extend the City street grid to enhance ~~public~~ access and integrate new development with the Central Waterfront.
5. Provide sites for office, research, emerging technologies, light industry, commercial, cultural, and recreational uses to expand San Francisco's economic base, and generate revenues to fund public benefits.
6. ~~*(Integrated into Vision statement, reduce redundancy)*: Develop a thriving district that recalls Pier 70's historic activity, accommodates ship repair operations, and invites visitors to work, learn and play along the City's waterfront.~~
6. Promote development that is pedestrian-oriented and fosters use of alternative, sustainable transportation modes and practices.
7. Promote sustainable mixed-use infill development and economic vitality that places jobs near existing housing to reduce the carbon footprint of regional growth, and includes climate adaptation strategies appropriate to this waterfront location.
8. Remediate environmental contamination to enable use and public enjoyment of Pier 70 and its waterfront, and improve environmental quality.

Historic Preservation Objectives

1. Recognize continuation of viable ship repair and drydock operations as an act of preserving Pier 70's history, and give priority to shipyard changes necessary to support the contemporary needs of the industry while maintaining the overall integrity of the historic district.

2. Protect the integrity of the Pier 70 historic district by directing major new construction to open and vacant areas or locations containing non-contributing resources, reflective of the history of the built environment at Pier 70.
3. Encourage ~~the appropriate~~ adaptive reuse of the historic resources that add new life to ~~complement the architectural character and context of~~ Pier 70, consistent with Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary Standards").
4. Apply ~~infill~~ development design criteria for new infill development to ensure new construction meets Plan objectives and is sensitively designed, consistent ~~complies~~ with Secretary Standards.
5. Prioritize the stabilization and rehabilitation of Very Significant resources along 20th Street for public and private investment as early as possible.
6. Promote an understanding of the site's history and significance through a program of coordinated interpretive exhibits as part of new development and historic rehabilitation improvements.

Land Use Objectives

1. Recognize that the continuation of ship repair industry ~~operations~~ is consistent with the historic preservation objectives of this Plan and the Port's public trust mission. Ensure that new development and land uses ~~and~~ are ~~compatibly~~ designed and managed to respect and be compatible with ship repair operational needs.
2. Invite a wide range of activities that promote public use and appreciation of the waterfront and ~~adaptive reuse through of~~ the rehabilitation of Pier 70's historic resources.
3. Promote a mix of uses oriented toward commercial, office, educational, retail, cultural and entertainment uses along 20th Street, to provide an active entrance to Pier 70.
4. Target publicly-oriented uses for the Union Iron Works Machine Shop as an anchor facility ~~with uses that~~ to activate ~~the~~ Pier 70's historic core along 20th Street ~~corridor~~ to attract broad public appreciation of this very significant grouping of historic resources.
5. Allow office, biotech, research and development, light industrial and institutional uses in new construction and rehabilitated historic resources.
6. Consistent with the open space policies of this Plan, encourage the imaginative architectural design of new development that ~~which~~ contributes to the experience, activity and enjoyment of shoreline parks and public spaces.
7. Allow limited residential development opportunities ~~on parcels along Illinois Street,~~ if conflicts with ship repair operations and other adjacent uses are appropriately addressed. ~~minimized.~~

Open Space and Public Access Objectives

1. Create public open spaces that establish a sense of identity and focus for new

development at Pier 70 that is sensitive to ship repair operations and attract a diverse spectrum of users.

2. Develop a diverse network and program of parks, paths, roads and public spaces that connect upland areas to the waterfront, to provide recreational amenities for the community and access to water recreation in the Bay that also ~~and~~ celebrate and reveal the rich history of Pier 70.

3. Integrate the Bay Trail, Bay Water Trail, and Blue Greenway into the design of the Pier 70 open space network, which creates an interconnected path that links public open spaces along the shoreline, includes areas that support natural habitat for birds and other wildlife, and provides access into or on the Bay.

4. Require sensitive design and site placement of new development adjacent to the shoreline that provides comfortable sunlight access and micro-climate conditions to support a high level of public enjoyment of those open spaces.

5. Use hardscape paving and materials to improve streets, pedestrian ways, and other public spaces that interface with historic resources to respect the historic industrial character of Pier 70 and create shoreline access wherever possible.

~~5~~6. Create and improve pedestrian ways, promenades and recognize historic pathways to provide a variety of routes through Pier 70 as an integral element of the open space network connecting the Pier 70, Mission Bay, Dogpatch, and Potrero Hill neighborhoods to the bayfront.

~~6~~7. Create a program of interpretative signage within the open spaces areas that provides information on the history and importance of the site, ship repair operations, and labor history.

~~7~~8. Allow ancillary structures in major open spaces if they directly support waterfront recreational activities and users.

Form and Character of Infill Development Objectives

1. Respect the district as a historic landscape that reflects the industrial shipbuilding processes including the evolution of the Union Iron Works/Bethlehem Steel operations and ~~the~~ ongoing ship repair activity ~~on the site~~.

~~2.~~ *(Integrated with next objective):* ~~Enhance the unique industrial heritage of the area.~~

~~3~~2. Showcase the historic district's resources, industrial heritage, landscape features and waterfront location.

~~4~~3. Develop an urban pattern that reflects the unique building/open space relationships that were characteristic of the historic district.

~~5~~4. Allow for architectural diversity that is compatible with the historic character of the district. Add new architecture that complements the surrounding resources and promotes life and vitality ~~in the area~~.

~~6~~5. Encourage the design of buildings and open spaces that not only respond to Pier 70's historic qualities but also strengthen connections to Dogpatch and Potrero

Hill neighborhoods.

~~7~~6. Encourage public access and views to the waterfront and connect shoreline parks and promenades with proposed open spaces that are integrated with ~~the~~ development.

Transit, Circulation and Parking Objectives

1. Increase public transit service by providing ferry and shuttle connections between Pier 70 and other public transit hubs.
2. Extend 19th Street access to ensure continued reliable maritime industrial access to the shipyard.
3. Establish a street system within Pier 70 that connects with the street grid from Potrero Hill and the Dogpatch neighborhoods.
4. Create walkable and bikeable streets.
5. Introduce a network of pedestrian ways integrated with new development.
6. Locate and manage parking facilities to promote shared use operated on a market-rate pricing basis, consistent with smart growth objectives.

Role of the Plan to Guide Implementation

The Pier 70 Master Plan presents a framework for development across the site. It informs the planning of parks and open space, reconfiguration of ship repair leasehold, reconciliation of public trust obligations, and prioritizes historic buildings for investment. The Plan implementation strategy lays out the regulatory and administrative approvals needed to realize the Pier 70 vision, the public funding sources available, and the role for the private sector in realizing the plan. Policymakers will consider the Goals and Objectives stated in the Plan when reviewing future projects at Pier 70 as the necessary tradeoffs are made between competing uses of financial, land and building resources.

The planning process has served an even greater role than defining a land use plan. This intensive investigation of Pier 70's future also included staff level coordination with the State Lands Commission, State Office of Historic Preservation, Bay Conservation and Development Commission, and Regional Water Board. Each of these agencies has an oversight role at Pier 70 and will need to understand the overall complexities of the project moving forward. The Plan provides a touchstone for Port staff, regulatory agencies, and future developers to use in crafting the myriad of agreements and permits needed to revitalize the site. The capital needs of Pier 70, identified through the planning work, has led lawmakers, at the Board of Supervisors and in Sacramento, to provide the Port with new financial and legislative authorities to address the capital required for Port facilities at Pier 70 and beyond. The Plan allows sister City agencies, including the Planning Department, SFMTA, the SFPUC and Office of Workforce and Economic Development, to include Pier 70 in their thinking about San Francisco's future. While Pier 70 is Port property, realizing the vision of the Pier 70 Master Plan will require actions by a full range of local and state policy bodies to realize its potential.

The Port is proud that the planning process has crafted a plan supported by lawmakers, regulatory agencies, historic preservationists, neighborhood groups, environmentalists and civic leaders. The public support for Pier 70 was demonstrated in the 68 percent voter approval of Proposition D, specific funding and policy mechanisms for the project, on the November 2008 ballot. Seeking private sector partners with this civic consensus – and public finance tools – greatly advances the revitalization of Pier 70.

As part of the planning process, consultant studies of the building conditions and rehabilitation costs, a market study and a comprehensive financial feasibility analysis were prepared to guide plan development. The financial reality, underscored by these studies, is that re-purposing vacant land at Pier 70 generates significant land rent. Short of securing public funds not backed by Pier 70 taxes, *new buildings are the economic engine that Pier 70 requires to preserve its historic structures*. The next step is to secure real estate development partners attracted to the new development and historic preservation opportunities.

Pier 70 Implementation and Developer Solicitation Strategy

The completion of the Plan begins the process of securing private sector investment in Pier 70. Pier 70 will require the best of the public and private sectors. Many aspects of the Pier 70 project are unknown at this time; true market value will be hard to determine without further design and cost analysis. Current financial and real estate markets compound the uncertainty. Private sector real estate market acumen, construction management and strategic planning can take the project to the next level – meeting the needs of future users of new and historic buildings. Further program details are needed to rezone the site and to fully access the public funding sources available from growth in payroll and property taxes. With the assistance of private sector partners, the Port can secure these approvals, allowing Pier 70 to be ready for new users as the regional and national economies recover from the current market cycle.

To advance the project forward, the Port has several options on how to partner with the real estate development sector. The financial feasibility assessment prepared as part of the planning efforts suggests that as a single 50 acre project (excluding the ship repair area), Pier 70 would have difficulty attracting investment without additional public resource commitments. If all of Pier 70 was offered on a master developer basis, the Port would have a protracted negotiation with the developer to determine a financially attractive project. Rather than securing a master developer at this concept plan stage, the Port could refine the project proposal and undertake the necessary entitlement actions including an environmental impact report to rezone the site and later offer sites for development. However, the entitlement effort is costly and would benefit from the real estate market expertise that a developer brings to a project.

In addition to consultant analyses, the Port drew on real estate sector insights in developing this solicitation strategy. In November 2009, as part of the Urban Land Institute's annual conference in San Francisco, a panel of real estate industry professionals reviewed the draft Plan. Port staff asked for insight on how to implement the plan, especially in light of current market conditions. Exhibit C summarizes the feedback received. A strong theme from this discussion was to reduce development

uncertainties, identify funds that are not dependent on real estate taxes or rents, and secure approvals and build on current community support. The need for a "big idea" or vision for the site was also stressed.

After considering the feedback from the real estate sector, the results of the financial analysis and the full range of issues regarding Pier 70 considered in the planning process, Port staff is recommending a multi-pronged implementation effort for the Pier 70 Master Plan. In particular, the implementation initiatives build on Pier 70's strengths, and the funds in hand, while recognizing that the project still faces a multi-year entitlement effort. Rather than seeking one partner to realize the entire Pier 70 vision, the following initiatives are proposed:

Waterfront Development Site: Offer for development in 2010 approximately 20 acres of largely bare land at the southeastern corner of the site. Exhibit A shows the location of this site and the current conditions. This initiative will form the financial and infrastructure backbone of the implementation effort as this site can create jobs, tax and rent funding streams, and the momentum the project requires.

Continued Search for Public Funding: As presented with the 10-year Capital Plan FY2011-20 update, the Port continues to seek federal and state funds for Pier 70 capital projects. Where possible, the Port has targeted its own capital funds for repair of Pier 70 historic resources. Specific projects, for example historic building stabilization, can occur as funds are available without waiting for a developer partner.

20th Street Historic Structures: Beginning in 2010, seek partners for rehabilitation of these historic buildings. In particular, the Port has prioritized the Union Ironworks Machine Shop as a centerpiece of Pier 70 requiring a publicly oriented partner to achieve that vision.

Crane Cove Park: The Port will continue to work with the Port Commission and community to plan the Blue Greenway Park System including priorities for the $22 million of park improvements funded by the 2008 Proposition A. The first stage of Crane Cove park improvements will be part of this effort as a Port public project. The planning process will consider park programming including water related uses.

BAE Shipyard: The Port will continue to work with BAE Systems, the Port's ship repair operator, to address facility needs in the shipyard including refining plans for an extension of 19th Street taking shipyard traffic off of 20th Street.

As discussed further in this report, these efforts will include a site-wide entitlement strategy to secure re-zoning, public trust realignment and National Register Historic District listing. Additional historic building projects and building sites will be offered for development at subsequent stages of implementation.

Waterfront Development Site Recommendation

To attract private investment requires offering the ability to realize significant real estate returns. The largely undeveloped southeast corner of the site represents, in the long

run, the highest market value portion of Pier 70. Exhibit A delineates this area, termed the "Waterfront Site". The Plan calls for creation of a jobs center use in this area. The waterfront location and scale of the site allows for the creation of a new economic node, potentially a corporate campus or multi-tenanted business park.

San Francisco's economic development efforts target retaining the small innovative, knowledge based firms that start locally as they grow into mid-size and larger firms. Pier 70 is in the middle of where Mayor Gavin Newsom, recently termed, the "innovation corridor" stretching from the Central City through Mission Bay to Hunters Point Shipyard. Offering this key waterfront site now allows a developer to undertake the land planning and approvals needed to be able to meet the needs of growing technology businesses as the economy recovers without burdening that effort directly with the complexities of the 20th Street historic resources.

Port staff recommends seeking a well qualified developer for this site in 2010. The site can accommodate up to 2.5 million square feet of new buildings and also includes the large scale Building 12 historic rehabilitation project, Slipway Park, and the Central Plaza. Exhibit D presents the proposed development parameters for the Waterfront Site. During the entitlement phase, the Waterfront site developer will undertake the following roles:

- Further the vision for Pier 70 (with the Port) and develop site plans with private sector expertise.
- Develop the financing plan for roads, utilities, and other infrastructure that includes the full 65 acres, off-site needs (if any) and, perhaps, addresses the Potrero Power Plant or other neighboring sites.
- Negotiate term sheet with the Port for waterfront site land lease.
- Rezone (with Port participation) the entire Pier 70 site with a flexible entitlement structure, including building form-based zoning to ease responding to differing market conditions.
- Secure Prop D Land Use and Finance Plan approvals through Board of Supervisors.

Port Staff recommends a Request for Qualifications (RFQ) process be used to select a developer for the Waterfront Site. A RFQ process lowers the cost to respond and is more likely to attract strong developer interest than a Request for Proposals process. The RFQ process allows the Port and a qualified developer to collaborate on detailed site plans to realize the Vision for Pier 70. If the Port Commission concurs with this approach, Port Staff will propose specific terms for the RFQ and ask for authority to issue it on April 13, 2010.

Historic Buildings Recommendation

Pier 70 historic buildings are threatened by rapidly advancing deterioration and must be addressed as a top priority, both directly through investment and indirectly through advancing new development at Pier 70 to fund rehabilitation. The 20th Street buildings form the historic core of Pier 70 and will require expertise in historic rehabilitation and substantial investment to restore this street to its prior grandeur. These buildings (in particular, Buildings 113, 101, 102 and 104) are high on the Port's priorities in seeking

local, state and federal capital funding. Partnering with developers, businesses, or institutions that can re-purpose these buildings will advance the case for investment and aid in refining the plans for the area as a whole.

The historic rehabilitation costs are estimated at $355 million site-wide. On a risk adjusted basis, historic building costs exceed value supported by rent and historic tax credits by $72 million. Using available funds, the Port will stabilize and invest in buildings as feasible. The Union Iron Works Machine Shop stabilization and Building 2 new roof, elevator, and other repairs are included in the Port's FY2010/11 and FY2011/12 capital budgets. However, the condition of the buildings will not allow historic rehabilitation to be successful only at a pay-as-you go pace.

The historic buildings at Pier 70 are unique buildings that call for creative reuses. 20th Street buildings in particular need reuse partners identified as soon as possible. Specialized, user specific, due diligence will be needed to re-purpose these buildings. The relatively limited number of buildings allows for case by case consideration of partners. For the right user, Pier 70 structures offer an identity location and the ability to partner with the Port to secure public and philanthropic funding. To begin the revitalization of these buildings, Port staff recommends seeking developers/users for the 20th Street Historic structures starting in Summer 2010. The initial feasibility estimates find that buildings on the northern side of 20th Street are the closest to financially feasible on the site. Additionally, the Port would like to attract the appropriate development partner for the Union Ironworks Machine Shop, early in the Plan implementation.

The developer solicitation process recommended for these buildings is a Request for Interest (RFI). Other public entities including The Presidio Trust have used RFIs to successfully find adaptive reuse partners. This RFI would be separate from the RFQ process for the Waterfront Site. Interested users would submit a short proposal indicating the proposed use, the development entity, and the type of financial structure required for the project. After review of the statements of interest, the Port Commission would determine which parties to ask to make more refined proposals. In particular, the RFI initiative would reach out to cultural, institutional, and educational users who could bring life to Pier 70's vacant buildings. Identifying interest in these buildings now will allow the Port to identify resources and infrastructure needed to revitalize 20th Street.

Next Steps

Exhibit E presents an overview schedule of the proposed Pier 70 implementation. If these developer offerings are successful and there is sufficient capital and real estate market support, rehabilitation and construction could be under way as soon as 2013. Once responses are received from the RFQ and RFI, the Port will have more information about the pace of implementation of the Pier 70 Master Plan.

At the next Port Commission meeting on March 23, 2010, Port staff will make an informational presentation regarding the progress of the environmental site investigations and preliminary findings available to date. That information provides

important background to understanding the development constraints on the Waterfront Site.

As discussed in this report, if the Port Commission concurs, Port staff will revise the Pier 70 Master Plan and publish the Preferred Master Plan in early April 2010. The Plan will guide the implementation initiatives at Pier 70.

Based on direction received from the Port Commission, public comment and further policy analysis, Port Staff will return at the April 13, 2010 meeting to seek authority to issue a Request for Qualifications for the Waterfront Site and a Request for Interest for 20th Street Historic Structures.

Prepared by: David Beaupre, Senior Waterfront Planner
Kathleen Diohep, Development Project Manager

Prepared for: Byron Rhett, Deputy Director, Planning & Development

Through: Jonathan Stern, Assistant Deputy Director for Waterfront Development

Diane Oshima, Assistant Deputy Director for Waterfront Planning

Attachments:

Exhibit A	Map of Waterfront Site
Exhibit B	Public Comment on the August 2009 Draft Plan
Exhibit C	Summary of Feedback from November 5, 2009 Urban Land Institute Project Analysis Session on the Pier 70 Master Plan
Exhibit D	Development Parameters for Waterfront Site
Exhibit E	Pier 70 Project Schedule

EXHIBIT A
LOCATION OF PIER 70 WATERFRONT DEVELOPMENT SITE

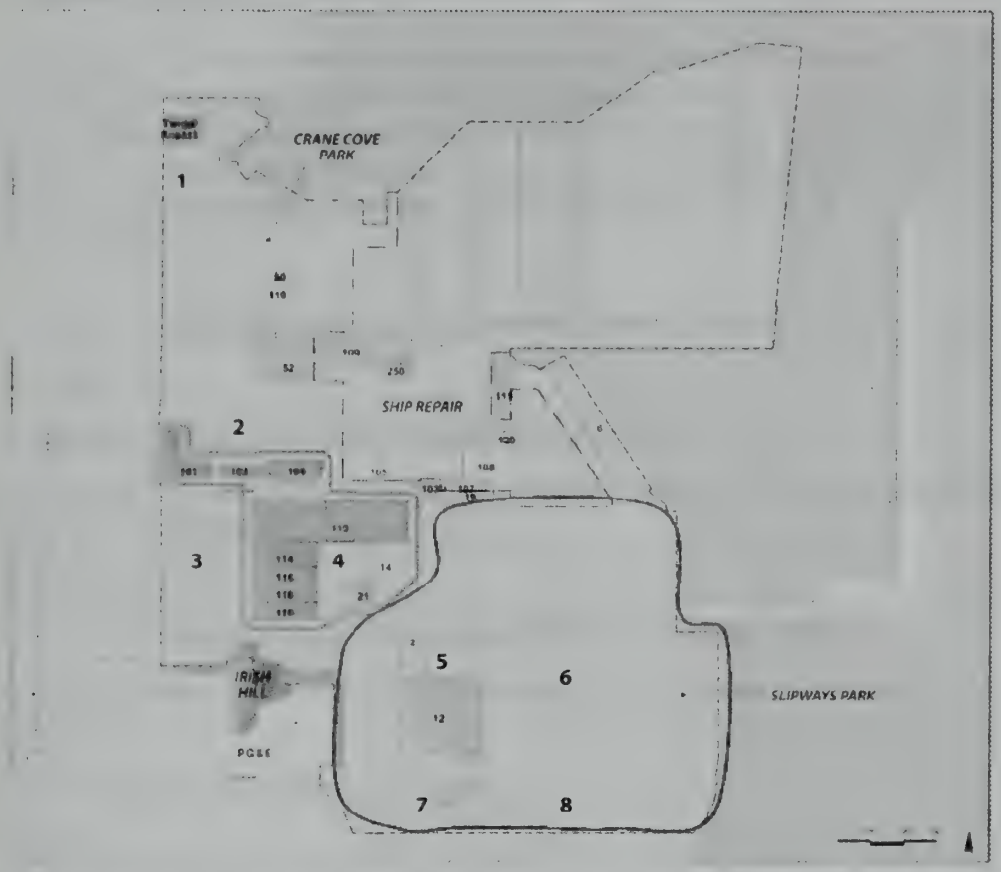




EXHIBIT B

PUBLIC COMMENT ON THE AUGUST 2009 DRAFT PIER 70 MASTER PLAN

Comments on the Plan were received from a variety of sources, including many of the groups identified above and by individuals. In general, most comments addressed items or expressed support of issues already covered in the Plan's policies and direction. The summary below includes topics or issues raised in public comments and Port staff proposed Plan revisions, which also will include editorial, formatting and changes that are not indicated here.

Chapter 1: History of the Site and the Preservation of Its Legacy

Public Comment:

- The natural history of the site should be described.
- The 30-year history of the artist use within the Noonan Building (Building 11) should be recognized.

Proposed Plan Revisions:

- Discuss the natural history of shoreline prior to industrialization.
- Include information about artist community at Pier 70, particularly the Noonan Building.

Chapter 2: Ship Repair, a Continuing Legacy

Public Comment:

- The exhibit illustrating the Ship Repair Master Plan needs to be corrected to illustrate that the 300-foot security buffer is established by the location of ships and is not constant.

Proposed Plan Revisions:

- Revise exhibit to illustrate appropriate security boundary.

Chapter 3: Context for Change

Public Comment: There were no public comments regarding this chapter.

Chapter 4: Bringing Together the Past, Present and Future

Public Comment:

- The overriding Plan Goals need to be strengthened to highlight the opportunity Pier 70 offers to become a major new jobs center.

Proposed Plan Revisions:

- Revise to strengthen the jobs message.

Chapter 5: Historic Preservation

Public Comment:

- The Historic Preservation strategy language needs to be strengthened to prioritize early investment into the historic core buildings.

Proposed Plan Revisions:

- Revise to highlight need to prioritize investment into the historic core.

Chapter 6: Land Use and Adaptive Reuse

Public Comment:

- The Plan should encourage new uses that support the ship repair operations.
- The Plan should provide more flexibility to allow housing.
- The Plan must consider potential land use compatibility constraints of introducing housing proximate to continuing ship repair operations.
- Plan should recognize continued artist studio use within Pier 70.
- The Plan must make certain new uses adjacent to ship yard are compatible with the industrial operations.
- Plan should encourage uses that activate the site on weekends and evenings.

Proposed Plan Revisions:

- Revised to encourage new uses that support and are compatible with ship repair.
- Include a side bar regarding the history and work of the Noonan Building artists and on the appropriateness of artist studio use within Pier 70.

Chapter 7: Form and Character of Infill Development

Many comments received addressed this chapter; the consensus is that it was too detailed and prescriptive. The intent of the details was to demonstrate that a substantial amount of new development could be built and achieve the Plan's Goals and Objectives. However, members of the public perceived that this information represented a specific program for the siting, density and massing of new development, which is not the case. The intent is for the Plan's Goals and Objectives to set clear guideposts but allow flexibility for developers to propose varying approaches to achieve them. Staff will move the density massing studies to an appendix, as background material.

Public Comment:

- New development should reflect the urban historic pattern of the site.
- The Objectives should include a reference to require historic interpretation to occur throughout all new development and not just within public spaces or adaptively reused buildings.
- The infill development guidelines should be amended so that new development in parcels 6-8 not be literal in the interpretation of the forms of the former

slipways.

- The plan articulates too much detail about building locations and heights;
- The plan is too prescriptive regarding spacing between new and existing buildings.
- Concerns were raised about proposed building heights along Illinois Street, north of 20th Street.
- The Plan should allow more density.
- The density needs to be sensitive to the historic character and future district.

Proposed Plan Revisions:

- Revise to eliminate the details regarding suggested building heights and locations. Continue to include the infill design criteria to make certain new development is consistent with the historic setting and future district.
- An Objective will be added to insure that historic interpretation occurs throughout the site, including open spaces, historic building and within new development.

Chapter 8: Open Space and Public Access

Public Comment:

- Water recreation and access needs to be specifically called out.
- The Plan should encourage open space improvements that support native bird species and a "natural–like" shoreline.
- Open space improvements must be phased in with new development and can not be the last phase of the project.
- Open space improvements should be designed and programmed in a manner that activates the site on weekends and evenings.
- The plan should include language about designing waterfront buildings to avoid avian mortality.
- New buildings should be designed and oriented to limit or reduce impacts from shading on open spaces.
- New open spaces should be designed to be inviting and easily accessible.
- The Plan should allow limited new buildings in major open spaces for recreation and visitor serving uses.

Proposed Plan Revisions:

- Revised to include water recreation activities and natural areas for wildlife as part of the open space system, contributing to the Bay Water Trail and Blue Greenway.
- Revised to allow limited new buildings in proposed open spaces to help activate the space and provide amenities to the visitors.

- Revised to include a new objective encouraging the design of buildings to address shading of parks in a manner that encourages access to new parks. The Plan will not address specific uses and programs for the opens spaces. The details for the open space program uses will be conducted as a part of the Blue Greenway Planning and individual park design review.

Chapter 9: Transit Circulation and Parking

Public Comment:

- The Plan should accommodate future improvements planned for Illinois Street, specifically as it relates to the Bay Trail, Blue Greenway and Bicycle Plans.
- The Plan should encourage the extension of the Muni "E" line onto the site.
- The Port must continue to coordinate with MTA on the ENTRIPS Planning and on the T-Line Turn around loop and station stop.

Proposed Plan Revisions:

- No Plan revisions are recommended for the Pier 70 site, but the Port continues to work with MTA on the planning of the T and E- Line opportunities and on the ENTRIPS Study affecting the Central Waterfront. In addition, the Port will address Illinois Street improvements as part of the Blue Greenway planning process.

Chapter 10: Implementation Strategy

Public Comment:

- In this economy, does it make sense to move forward with a development solicitation process immediately?
- Prioritize stabilization of UIW Building 113 as a publicly accessible use.
- Seek federal funds to stabilize historic core.
- Prioritize jobs creation/center as development criteria.
- Plan appears to suggest project should be by a master developer, which may not be best approach.
- Require public benefits such as parks to be provided contemporaneously with new development.

Proposed Plan Revisions:

- Additional details about the Blue Greenway Planning Process and ENTRIPS study will be added
- The discussion of the 2009 financial feasibility analysis will be reduced and the findings moved to an appendix of the Plan.

EXHIBIT C
SUMMARY OF FEEDBACK FROM NOVEMBER 5, 2009 URBAN LAND INSTITUTE PROJECT ANALYSIS SESSION ON THE PIER 70 MASTER PLAN

The format of this session was to discuss the draft Pier 70 Master Plan and respond to questions posed by the Port. The panel did not provide a complete recommendation.

Questions for Panel Addressed

- What uses and development approaches will activate 20th Street, especially the Union Iron Works Machine Shop?
- Where to start with the project, especially in this economic climate? How to move forward and allow flexibility for future prospects and opportunities?
- How to approach the campus/business park opportunities (Parcels 6-8)?
- How to capitalize on the waterfront parks, historic buildings to catalyze reuse of Pier 70?

Historic Buildings

- Are we preserving too many buildings?
- Consider if historic buildings serve new identity – do they block water view/access or constrain the site?
- Should we ask what site should be and then how many buildings to save rather than reverse?

Real Estate Market Response to a Development Offering

- Too much risk for a developer to take on site – too uncertain. There is too much of a disconnect between timing of the revenue projects and need for initial funds.
- Why does Port think a developer would have more success at getting approvals than Port would as a public agency?
- Can the Port reduce uncertainties to better attract investment?
 - Environmental
 - Re-zoning, approval
 - Securing funds
 - Committing to Public Role
- Consider incremental projects – Illinois Street Parcels and Crane Cove Park.

Land Use

- What is the identity of Pier 70? Should we build on maritime?
- Is Tech Office/Biotech appropriate given amount of space at Mission Bay?
- Residential uses should be part of the mix – especially near the water and parks

Implementation Recommendations

- Identify 100% corner and build from there.
- Clean up area visually to attract investment, shield interim uses
- Work with Mirant project to coordinate redevelopment
- Site Capacity – do further analysis of footprints/site to confirm site capacity.
- Consider a developer as a consultant to refine the plan

EXHIBIT D
DEVELOPMENT PARAMETERS FOR WATERFRONT SITE

Gross Land Area:	Southeast corner of site, about 20 acres including park/plaza sites
Parks/Plazas:	Slipway Park and Central Plaza – 3 acres
New Development:	Maximum of 2.5 million gross building square feet above ground.
	Density analysis done for the Master Plan showed 2.3 million sq. ft. gross with 300,000 in use as parking. This area is illustrated at building heights of ranging from 50 to 90 feet.
Use:	Job Center Uses: office, research and development, light industrial. Incidental commercial uses to support project.
Design Guidelines:	Pier 70 Master Plan includes design criteria for infill development to ensure compatibility with the historic resources.
Height Limit:	No specific height limit in RFQ – rather a square feet cap and requirement that design is appropriate for historic district.
Parking:	Site must park itself; no more than one space per 1000 square feet of leasable area, subterranean parking does not count against square foot limit
Historic Buildings:	Building 12 – 60,000 SF foot print, now 2 stories, can be more.
	Building 2 – 6 Story, 100,000 sq. ft. – now PDR, likely remain.
	Responsible for rehabilitation, demolition, or relocation of other smaller buildings in this area.
Existing Tenants:	Port will work with developer so that existing users are kept informed of timing of future displacement. Building 2 can include light industrial space similar to buildings that may be removed in future.
	Major current use is SFMTA towed car storage under a short-term agreement. SFMTA will work with the Port to plan relocation.
Infrastructure:	Developer will collaborate with the Port, PUC, and other city agencies to design, construct and finance infrastructure for the Waterfront Site in the context of the planned development for all of Pier 70. As warranted, financing mechanisms will be structured to compensate the Waterfront Site developer for trunk infrastructure investment that will serve other portions of the Pier 70 plan area.
Public Funding:	IFD and Prop D funds generated from this site are for greater Pier 70 project benefit – planning costs, historic preservation and parks.
Timing on RFQ:	Issue April 2010 Responses Due July 2010 Evaluate Fall 2010 (possible short list asked for more specifics) Select end of 2010

EXHIBIT E
PIER 70 PROJECT SCHEDULE

Waterfront Site/Overall Project

Port Commission Review of Development Strategy	March 9, 2010
Finalize Draft Preferred Master Plan	April 2, 2010
Port Commission Authorize RFQ for Waterfront Site	April 13, 2010
Issue Waterfront Site Offering	April 2010
Responses for Waterfront Site	July 2010
Evaluate Responses	
Port Commission Review Responses chose next step.	Sept 2010
Choose Waterfront Site Developer	Late 2010
Develop Project Description/Entitlement Approach/ Initiate EIR	2011
Infrastructure design/funding mechanisms	2011
Entitlements/Approvals	2011/ mid 2012
Negotiate Waterfront Site Transactions	2011+
Port consider offering Illinois Parcels for development (after rezoned)	2012
Infrastructure/remediation work begins	Late 2012
Waterfront Site Break Ground	2013+
Waterfront Site Occupancy	2015+

Historic Building Offering Schedule

Port Commission Authorizes Request for Interest	April 13, 2010
Issue RFI for 20th Street Buildings	Summer 2010
Initial Response Deadline	Fall 2010
Port Commission Review Interest	Late 2010
Request/Consider Historic Building Projects	Early 2011
North of 20th Street Buildings Rehabbed	2013-16
Union Ironworks Machine Shop Occupancy	2015+

Blue Greenway/Crane Cove Park Schedule

Planning Process	Summer 2010
Develop long term vision and costs	End of 2010
Initial Design for Phase 1 Crane Cove Park	Spring 2011
Initiate Phase 1 Construction Crane Cove Park	2012
Complete Phase 1	2013

Site-wide Environmental Investigations and Remediation

Preliminary Results of Field Investigation	March 23,2010
Site Investigation and Risk Assessment Report	May,2010
Historic Building Hazardous Materials Identification	Fall 2010
Feasibility Analysis of Potential Remedial Alternatives	Fall 2010

PORT OF SAN FRANCISCO

MEMORANDUM

March 4, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of the Schematic Design Concept for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

The Mission Bay Redevelopment area covers 303 acres of land between San Francisco Bay and Interstate 280, *see Attachment 1. Mission Bay Plan Area.* The Board of Supervisors established the Mission Bay North and South Redevelopment Project Areas in November 1998. Development is controlled through the Redevelopment Plans and design guidelines, an Owner Participation Agreement (OPA) between the San Francisco Redevelopment Agency ("Agency") and the original master developer, Catellus Development Corporation (now held by FOCIL-MB LLC), and an Interagency Cooperation Agreement (ICA), which commit all City departments including the Port to the Mission Bay Infrastructure Plans.

The maximum development program for Mission Bay includes:

- 6,000 housing units, with 1,700 (28%) affordable to moderate, low, and very low-income households.
- 6 million sq. ft. of office/life science/technology commercial space,
- A new UCSF research campus containing 2.65 million sq. ft. of building space on 43 acres of land donated by the master developer and the City,
- 500,000 sq. ft. of city and neighborhood-serving retail space,
- A 500-room hotel with up to 50,000 sq. ft. of retail entertainment uses,

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- 41 acres of public open space, including parks along Mission Creek and along the Bay, plus 8 acres of open space within the UCSF campus,
- A new 500-student public school, and
- A new public library and new fire and police stations.

Mission Bay Parks on Port Property

The Mission Bay ICA requires the Agency to lease Port lands within Mission Bay for use as Open Space; these parcels are located in Mission Bay South primarily along the water's edge. The lease is for no fee in exchange for improvements and ongoing maintenance for the open spaces until 2043. Under the Agency's OPA for Mission Bay North and South, FOCIL-MB, the Master Developer, is required to design and construct the Bayfront Parks, a 9-acre park system consisting of four parcels (P21- P24) located along the San Francisco Bay and Terry Francois Boulevard as shown in *Attachment 1, Mission Bay Location Map*. FOCIL-MB selected Hargreaves and Associates, Landscape Architects to design the Bayfront Parks. To date, one parcel of Bayfront Park, parcel P21, has been developed and includes the parking for the new boat launch at Pier 52, as well as a segment of the Bay Trail and Blue Greenway for pedestrian and bicycle use. The Developer working with the Agency, Port and community has completed the conceptual design on the Bayfront Park parcels P23 and P24.

Regulatory Review

Pursuant to the OPA and the ICA, the Port Commission has the right to review and approve concept and schematic designs for public open space under their jurisdiction.

The Mission Bay South, Design for Development, previously approved by the Port Commission, includes general guidelines for the design of Bayfront Parks that served as the basis for the conceptual design of the parks. In addition, the Regional Water Quality Control Board ("Water Board") conditioned a permit for Stormwater Pump Station #5, located in P23 with a requirement that the quality of stormwater discharged into the San Francisco Bay be improved from what had previously been required for Mission Bay through the use of bio-swales or basins. As a result, both P23 and P24 will include bio-retention basins and linear garden swales that serve a dual role of providing attractive open space features, as well as to help improve stormwater quality. The Port Commission approval of these parks is the final design approval required prior to initiating detail design work, which will be the basis for construction permits.

P23 and P24 Concept Design

The size and configuration of Parks P23 & P24 as illustrated in *Attachment 2, Parks P23 and P24 Combined Concept Plan* limit the program and use opportunities for each of the sites. Primary uses will be for passive recreation and enjoyment of the waterfront setting. Because of this constraint, each of the sites have been designed to primarily serve the immediate neighborhoods, but also recognize their importance in the regional Bay Trail and Blue Greenways system of open spaces.

Parcel P23

Open Space parcel P23 is approximately 0.76 acres and is located on the west side of Terry Francois Boulevard at the intersection of Terry Francois Boulevard and 16th Street. P23 is located directly opposite to the Port's existing Aqua Vista Park on the eastside of Terry Francois Boulevard and is adjacent to the new bio-technology building located on Block X-4 at Illinois and 16th Streets to the west; it has direct views to the Aqua Vista Park and the San Francisco Bay. The design of Block X-4 includes a privately owned but publically accessible plaza located on the second floor podium level of the building and a retail space at the ground level that has been identified as a future restaurant location, which is illustrated in *Attachment 3, Block X-4 Existing Conditions.* Both of these building features are located on the eastside of the property, directly adjacent to P23.

The design of P23 has been strongly influenced by its proximity to the Bay and Block X-4 as well as the inclusion of the stormwater treatment system on the property. At the north end of the park, there is a public plaza that connects to the plaza area developed on Block X-4 to augment the restaurant space. Lines of trees direct people's attention across the plaza area to views of the Bay, and will mitigate the strong winds from the west along 16th Street. The plaza incorporates Stormwater Pump Station #5 (*illustrated in Attachment 4, P23 Concept Plan*) and provides needed access for maintenance vehicles. The design has taken advantage of the pump station access hatches to create seating areas facing the Bay, decorated with interpretation about the stormwater cleansing process that is occurring in the parks.

To the south of the plaza is a large grassy, bio-retention area that provides for passive activities, such as sitting and enjoying views of the Bay and serves as a stormwater facility. A large, sculptured landform connects the bio-retention area to the Block X-4 podium plaza above, creating a seamless transition between the privately and publically owned open space areas. South of the bio-retention area are a series of linear swale gardens (*see Attachment 5, Photo Example of Stormwater Swales*) that front the existing stadium style seating, which leads up to the podium plaza and offers views to the Bay. The variety of spaces within this park offer the user a diverse set of passive experiences including exterior café space, protected space for relaxing and lawn and elevated areas to observe the expansive bay views. The concept design for P23 is provided in *Attachment 4, P23 Concept Plan* and perspective renderings of the park are provided in *Attachment 6, P23 Renderings*.

Parcel P24

P24 is 1.13 acres and located to the south of P23, between Terry Francois Boulevard and Illinois at Mariposa Street. The Concept for P24 includes two alternative designs. One design assumes that the existing Bluepeter building located in P24 is demolished as originally planned and a second alternative design retains the Bluepeter building.

P24 does not have direct views to the Bay due to existing buildings on the eastern side of Terry Francois Boulevard, but does serve as an important entrance gateway to Mission Bay from the south. To help pronounce this important Mission Bay

entranceway, the southernmost tip of parcel P24 is proposed to contain a plaza, framed with a stand of trees, where seating will be provided. To activate the park and offer recreational opportunities for the surrounding businesses and residents, the proposed design of P24 includes a hard court surface on the western side of the park and a mixture of lawn areas in the center of the park.

In response to the community's desire to retain the existing stand of Eucalyptus trees that bisect the center of the parcel east to west, the plan proposes to retain the healthiest of the trees if possible and create a picnicking area below them. However, as the trees are older and will eventually need to be replaced, the plan identifies coastal live oaks as the tree that will be used to replace the Eucalyptus when they reach the end of their lives.

The eastern side of parcel P24, along Terry Francois Boulevard, is characterized with a series of linear swale gardens that are connected into the stormwater pump station in P23. A small plaza area at the northeastern portion of P24 helps to create a transition between P23 and P24; *Attachment 7, P24 Concept Plan* illustrates the design.

The parcel contains two existing structures, the first is a concrete block substation building located on the western side of the parcel, which was constructed by the San Francisco Municipal Transportation Authority ("SFMTA") to serve the Third Street light rail line. The second building is a structure referred to as the Bluepeter building and is located on the southern portion of the parcel. The Mission Bay South Redevelopment Plan calls for the Bluepeter structure to be demolished to maximize the park improvements, but to accommodate community interest to potentially retain the facility, the proposed Concept includes an alternative for P24 that allows for the retention and reuse of the building within the park. More information about the potential retention of the Bluepeter building is provided below.

The retention of the Bluepeter building does reduce the overall acreage dedicated to passive and active activities in the park and bifurcates the open space, but the design of the park retains the features discussed above and in generally the same location within the park. Under the Bluepeter alternative, the area around the building, would include additional seating to help support the future uses within the Bluepeter building that may help activate the park by drawing users into the park. *Attachment 8, P24 Concept with the Blue Peter Building,* depicts the Concept Design and *Attachment 9; Concept Renderings* illustrate perspective views of the concepts.

Bluepeter Building

The Bluepeter building is a wooden structure constructed in the 1940's and is a two story, 13,000 square foot building, located on the southern portion of P24. The building was surveyed for historic resource status and was found not to be a historically significant resource. As stated, the original Mission Bay Redevelopment Plan did not identify this building for retention and no funding was appropriated in the Mission Bay plan for the rehabilitation and maintenance of the building.

A group of residents from the adjacent Dogpatch and Potrero Hill neighborhoods has requested the Agency and Port retain the building as an example of the maritime history of Mission Bay. The group, which is called the Friends of the Bluepeter, has worked with Agency and Port staff over the past year to explore options for the retention of the building within the park.

As part of their efforts to retain the building, the Friends of the Bluepeter hired Equity Community Builders to prepare an Economic Feasibility Study to determine the feasibility of rehabilitating the building. It was estimated that the final cost to fully rehabilitate the building excluding tenant improvements would range from $2.7 to $3.1 million. Potential uses identified for the building included restaurants, recreation uses, and community/education space. The conclusion of the report was that the current economic conditions would not support the project. Based upon the feasibility analysis, the report included an interim option of spending approximately $300,000 to stabilize the building to allow market conditions to improve and to increase the viability of the total project.

Therefore, the Friends of the Bluepeter have requested that they be allowed to have additional time to raise the money to stabilize the building and identify a development partner to fully rehabilitate the building.

Agency and Port staff along with the Mission Bay Citizens Advisory Committee (CAC) reviewed the feasibility analysis to retain the Bluepeter building within P24. The CAC supports the design of the park without the building, but recognizes that there was some flexibility in the park construction schedule and supported providing more time to the Friends of the Bluepeter, provided specific conditions were met.

Staff worked with the Friends of the Bluepeter to draft conditions of approval to be included in the Agency and Port Commission's approval of the Concept Design for the parks that could allow for the inclusion of Bluepeter retention alternative. The proposed conditions of approval agreed to by the Friends of the Bluepeter are included in *Attachment 10, Conditions of Retention of Bluepeter,* and are summarized below:

- During 2010, the Agency and Port, with FOCIL-MB, will develop two sets of construction drawings for P24: one with the Bluepeter building removed and the other with the Bluepeter building retained. This will allow the detail design and permitting process for the parks to continue, while providing the Friends of the Bluepeter time to identify funding sources.

- Prior to the Friends of the Bluepeter being allowed to make any improvements to the building, they will be required to secure all necessary funds for the stabilization of the building and four years of on-going maintenance by March 1, 2011, as well as secure an acceptable development partner for the ultimate renovation of the building. Stabilization will be required to be completed by March 1, 2012, with full rehabilitation started by March 1, 2016.

- If they identify all required funding, the Agency and Port will negotiate with the Friends of the Bluepeter in good faith all the necessary agreements, which will be

reviewed for approval by the Agency and Port Commission. The community will continue to be involved in the planning for the building and any uses will be required to be consistent with all applicable regulations, such as the Mission Bay Redevelopment Plan and Public Trust requirements.

- If the Friends of the Bluepeter are unable to meet the conditions required to proceed with stabilization and rehabilitation of the Bluepeter building by March 1, 2011, the planning and construction for P24 will continue without the Bluepeter building and the building will be demolished. The Executive Directors of the Port and Agency will make this determination and no additional Agency or Port Commission approvals will be required.

Community Design Review Process

Agency and Port staff coordinating with the FOCIL-MB worked closely on the proposed design with Hargreaves and Associates, the Landscape Architect. A community workshop was held on July 19, 2006 to begin gathering community input into the design of Bayfront Park, including Parks P23 and P24. As development in Mission Bay slowed down, the design effort for the Bayfront parks was put on hold until 2008 when the Water Board conditioned the Pump Station Improvements in P23 requiring additional treatment of stormwater through landscape swales requiring the planning and design effort to be reinitiated. The draft design was presented to a combined meeting of the Potrero Boosters and Dogpatch Neighborhood Association on October 28, 2008 and again in 2009 In addition, the Mission Bay CAC reviewed and provided input on the Concept design at several meetings in 2009 at which Friends of the Bluepeter attended.

Construction Timing and Ongoing Maintenance and Operations

FOCIL-MB will initiate Detail Design in the coming months, once completed they will bid and construct the improvements, with expected construction to begin by 2013, this is concurrent with other development in the area, including the new University of California, San Francisco ("UCSF") Mission Bay Medical Center, which is anticipated to be completed in early 2014. The timing of the parks is driven by the Water Board permit for Stormwater Pump Station #5.

Once built, the Agency will lease the new parks from the Port and manage them with funding from the Mission Bay Maintenance Community Facilities District #5 ("CFD #5"). The Agency uses funds from the CFD #5 to contract with MJM Management Group for all park operating costs, including maintenance and security. The Agency will also be discussing cost sharing with the San Francisco Public Utilities Commission for the on-going maintenance and operation of the bio-retention areas and swale gardens in P23 and P24 related to Stormwater Pump Station #5.

Recommendation

Port staff recommends that the Port Commission approve the Schematic Design Concept for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard.

Attachments:

1. Mission Bay Location Map
2. Parks P23 and P24 Combined Concept Plans
3. Block X-4 Existing Conditions
4. Park P23 Concept Plan
5. Photo Example of Stormwater Swales
6. Park P23 Renderings
7. Park P24 Concept Plan
8. Park P24 Concept Plan with Bluepeter Building
9. Park P24 Renderings
10. Conditions of Retention of Bluepeter

Prepared by: David Beaupre, Senior Waterfront Planner
Catherine Reilly, Interim Mission Bay Project Manager
San Francisco Redevelopment Agency

Prepared for: Byron Rhett, Deputy Director
Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-12

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, Mission Bay Parcels P23 and P24 premises are located within the general boundaries of the Mission Bay Development Project; and

WHEREAS, On September 17, 1998, the San Francisco Redevelopment Agency ("Agency") approved proposed Redevelopment Plans for the Mission Bay Redevelopment Project and on the same date, the Agency adopted related resolutions, which authorized execution of Owner Participation Agreements ("OPAs") and related documents between Catellus Development Corporation ("Catellus"), the original master developer of the Mission Bay Redevelopment Project Areas, and the Agency; and

WHEREAS, Under the Plan, Catellus will construct 41 acres of public open space on parcels of land in the North Plan and South Plan areas owned by the City and Port of San Francisco ("Open Space Parcels"); and

WHEREAS, On November 16, 2001, the Agency and the City acting by and through the Port entered into a master ground lease (the "Master Lease") with respect to all property located within the jurisdiction of the Port to implement the improvement of public open space, parks and plazas. The lease for each individual Open Space Parcel becomes effective concurrent with the adjacent development; and

WHEREAS, Under the Master Lease, the Agency is responsible for managing and operating the Open Space Parcels until 2043; and

WHEREAS, Section 2.1.c.i of the Interagency Cooperation Agreement between various city agencies including the Port, requires that the Port Commission approve the schematic design concept for Mission Bay Parks located within the Port's jurisdiction; and

WHEREAS, Catellus, has sold its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC ("FOCIL-MB"), a subsidiary of Farallon Capital Management, LLC, a large investment management firm and FOCIL-MB has assumed all of Catellus's obligations for the Mission Bay Development Project, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the

City and FOCIL-MB is bound by all terms of the Owners Participation Agreement and related agreements, including the requirements of the affordable housing program, equal opportunity program, design review process, and the infrastructure improvement plans including open space; and

WHEREAS, The Port, The Mission Bay Citizens Advisory Committee, the Agency, FOCIL-MB, the Potrero Boosters and Dog Patch Neighborhood Association have been jointly working together on the design of the P23 and P24 Bayfront Park; and

WHEREAS, The Port Commission previously reviewed and approved the program for the Mission Creek Park Open Space Concept; and

WHEREAS, The Friends of the Bluepeter, will have until March 1, 2011 to raise all necessary funds to cover the cost of stabilization as outlined in September 9, 2009 Equity Community Builders Feasibility Study and the basic on-going maintenance of the Bluepeter building once it is stabilized; and

WHEREAS, The Friends of the Bluepeter by March 1, 2011, will have to secure a qualified development partner reasonably acceptable to the Port and Agency who is prepared to enter into an agreement with the Agency and Port for the redevelopment and operation of the Bluepeter building on reasonable terms; and

WHEREAS, If the Friends of the Bluepeter meets the conditions, the Executive Directors of the Port and Agency will negotiate in good faith with the Friends of the Bluepeter; and

WHEREAS, The above agreements will require that stabilization work for the Bluepeter building must be completed by March 1, 2012, and that physical construction work on the redevelopment of the Bluepeter building must commence by March 1, 2016; and

WHEREAS, Neither the Port nor the Agency will contribute financially to the stabilization, redevelopment, operations, or maintenance of the Bluepeter building; and

WHEREAS, All proposed uses within the Bluepeter must be consistent with the Public Trust and compatible with the Mission Bay open space uses, as determined by the Port and Agency; and

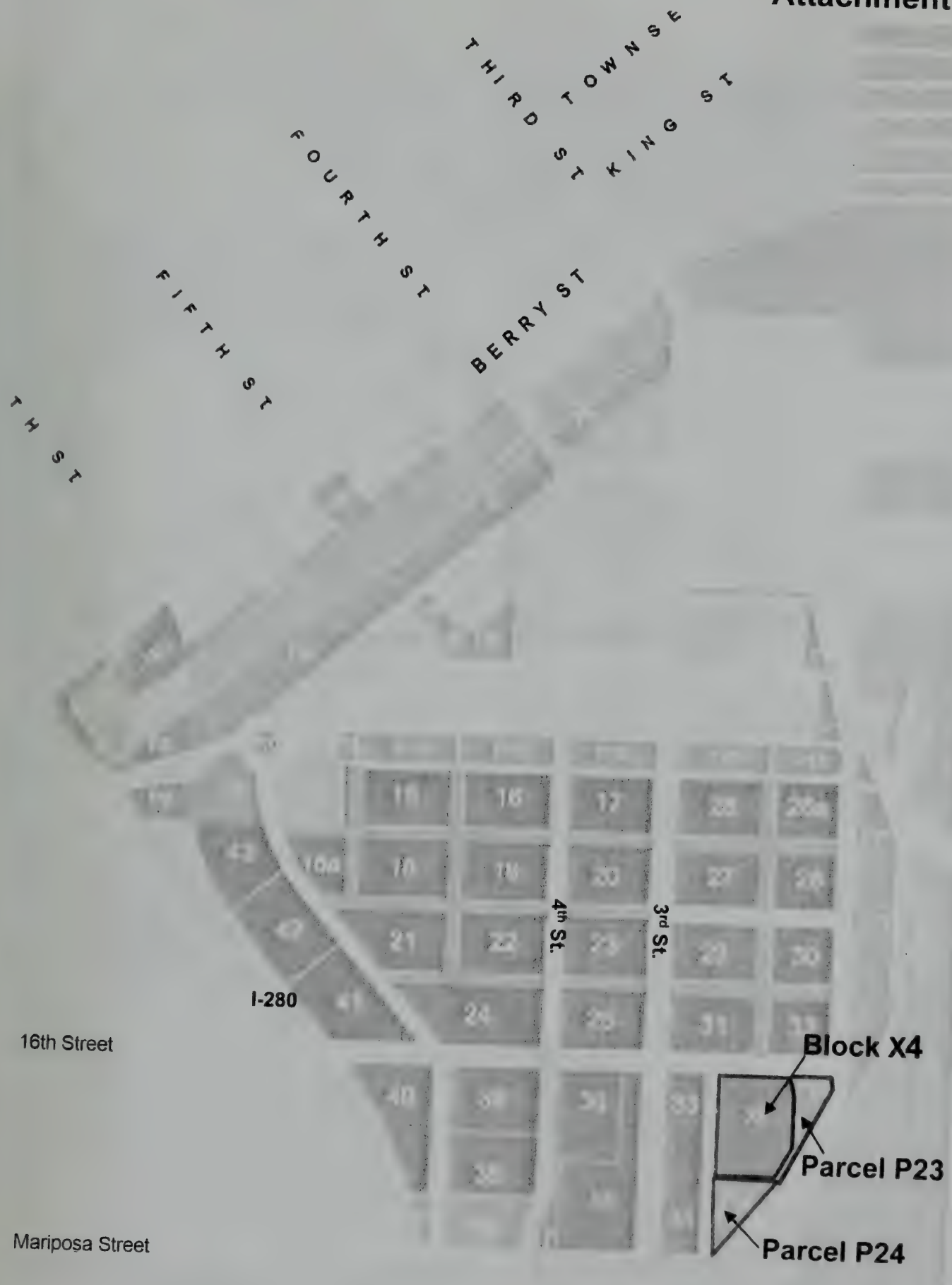
WHEREAS, If the Friends of the Bluepeter are unable to meet the conditions agreed to proceed with stabilization and rehabilitation of the Bluepeter building by March 1, 2011, the P24 project will continue without the Bluepeter building and the building will be demolished; now therefore be it

RESOLVED, that the Port Commission hereby approves the schematic concept design for the Mission Bay South, P23 and P24 Bayfront Parks as described in the Memorandum dated March 4, 2010.

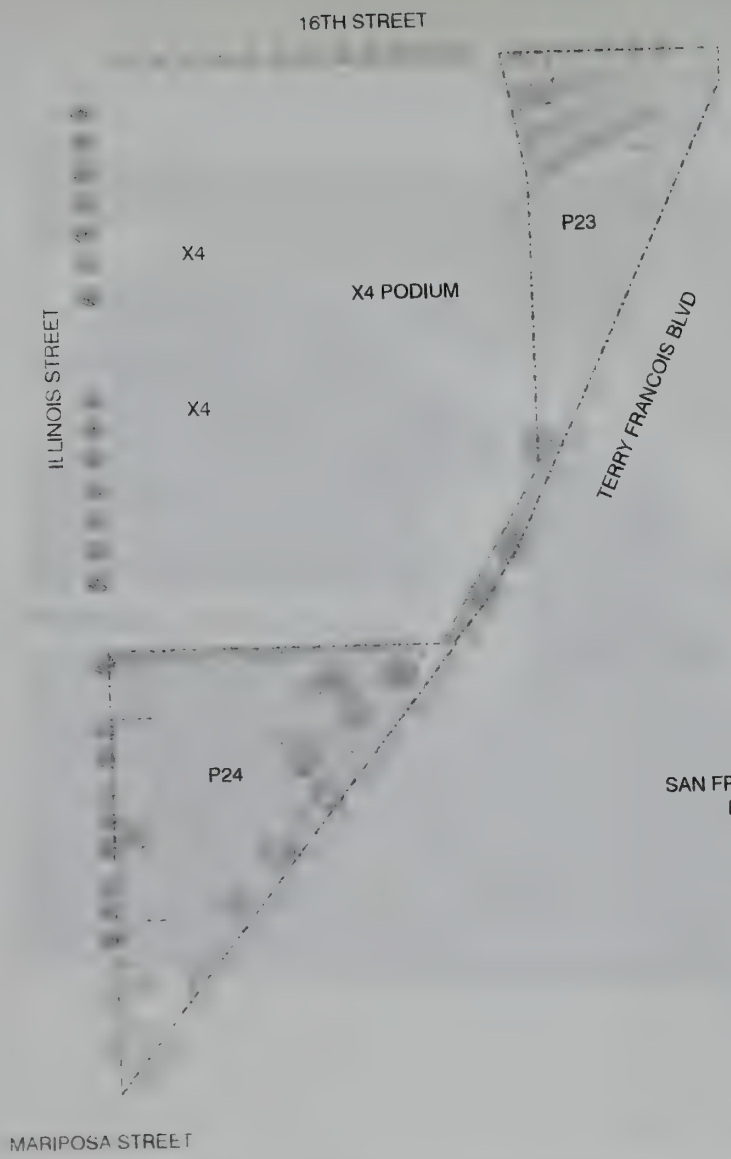
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 2010.

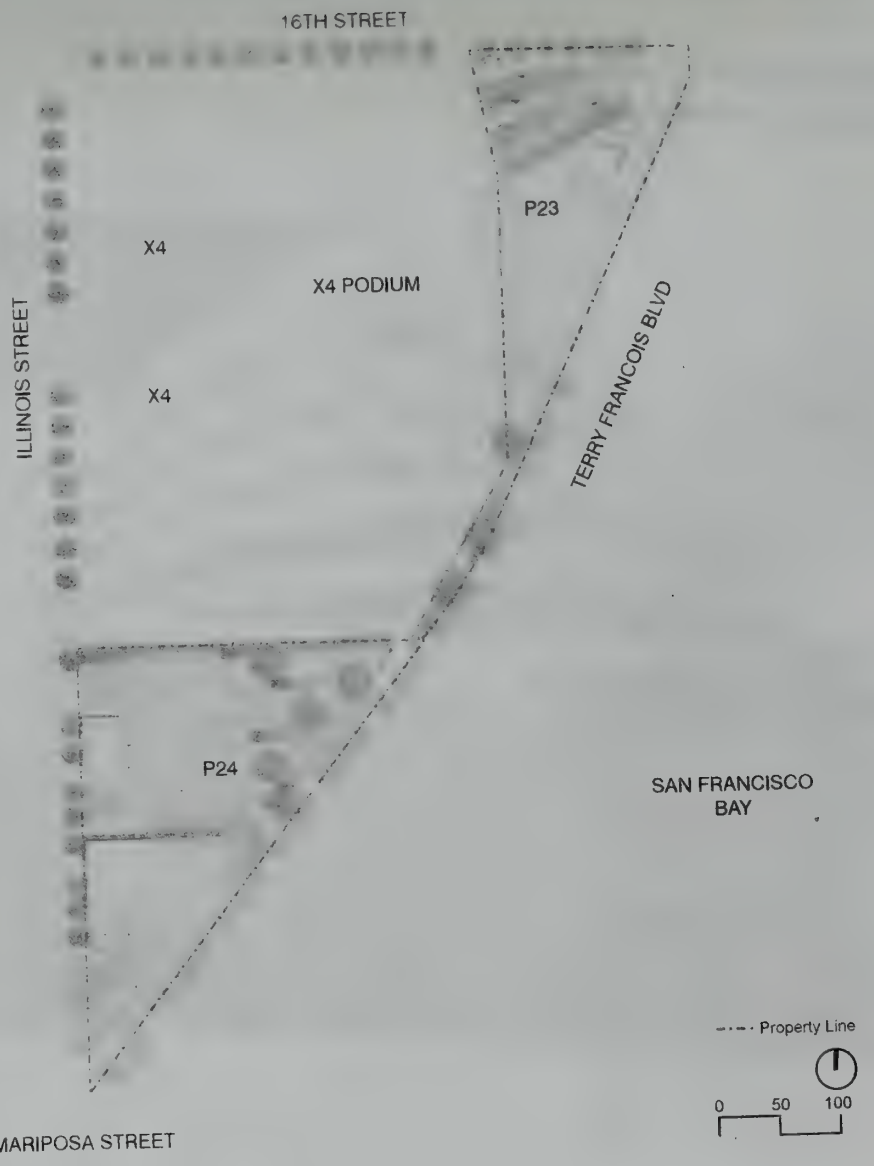
Secretary

Attachment #1



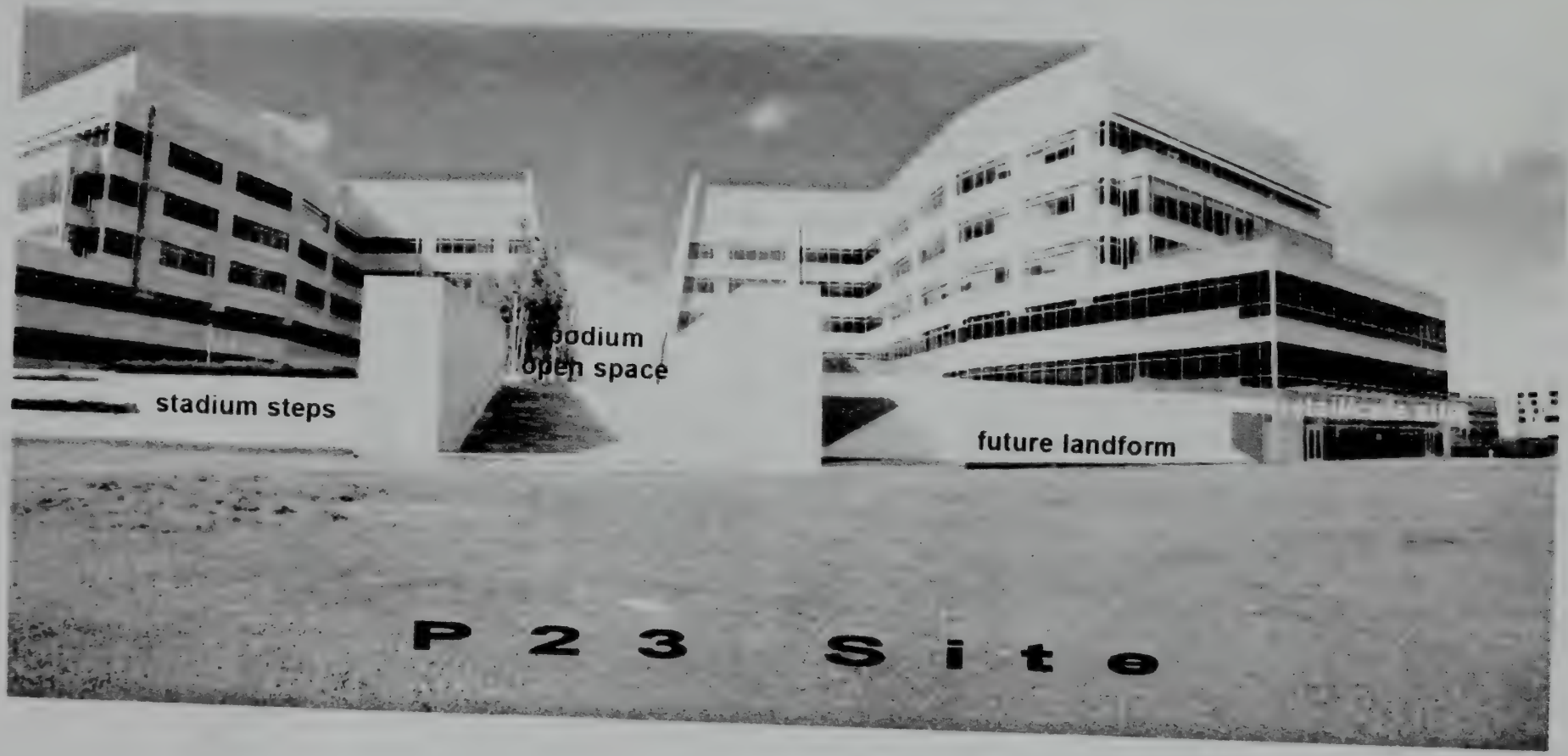
Mission Bay Location Map

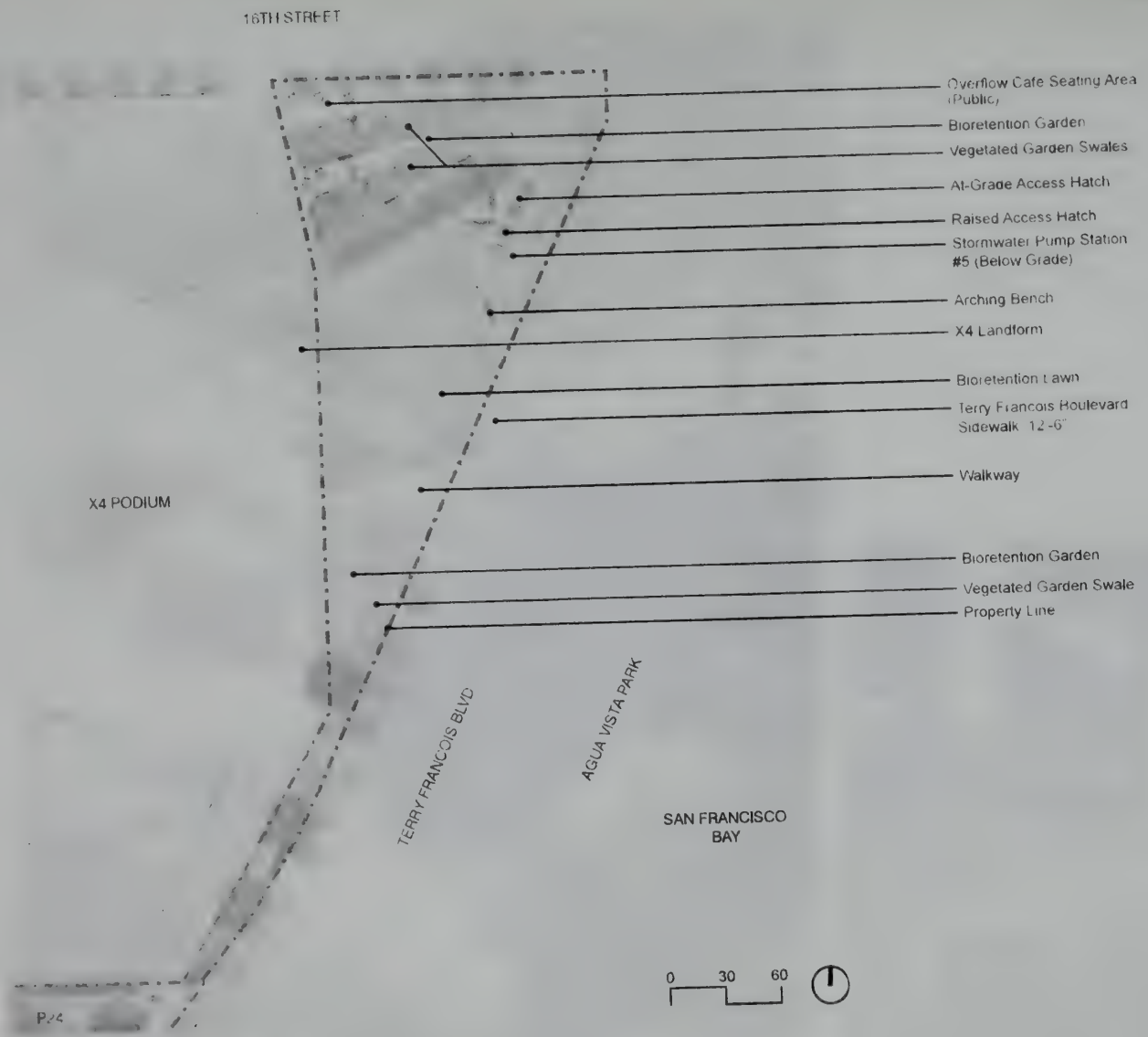




Parks P23 and P24 Combined Concept Plans

Attachment 3
Block X-4 Existing Codition



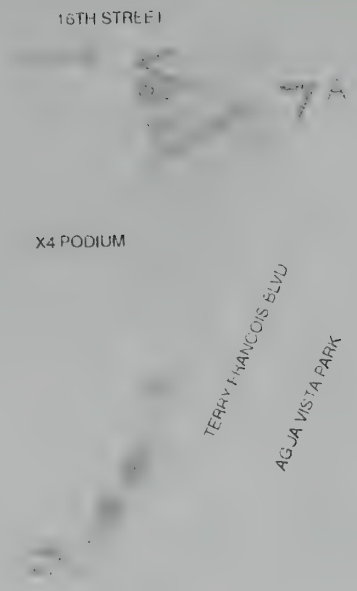


Park P23 Concept Plan

Attachment 5
Photo Example of Stormwater Swales





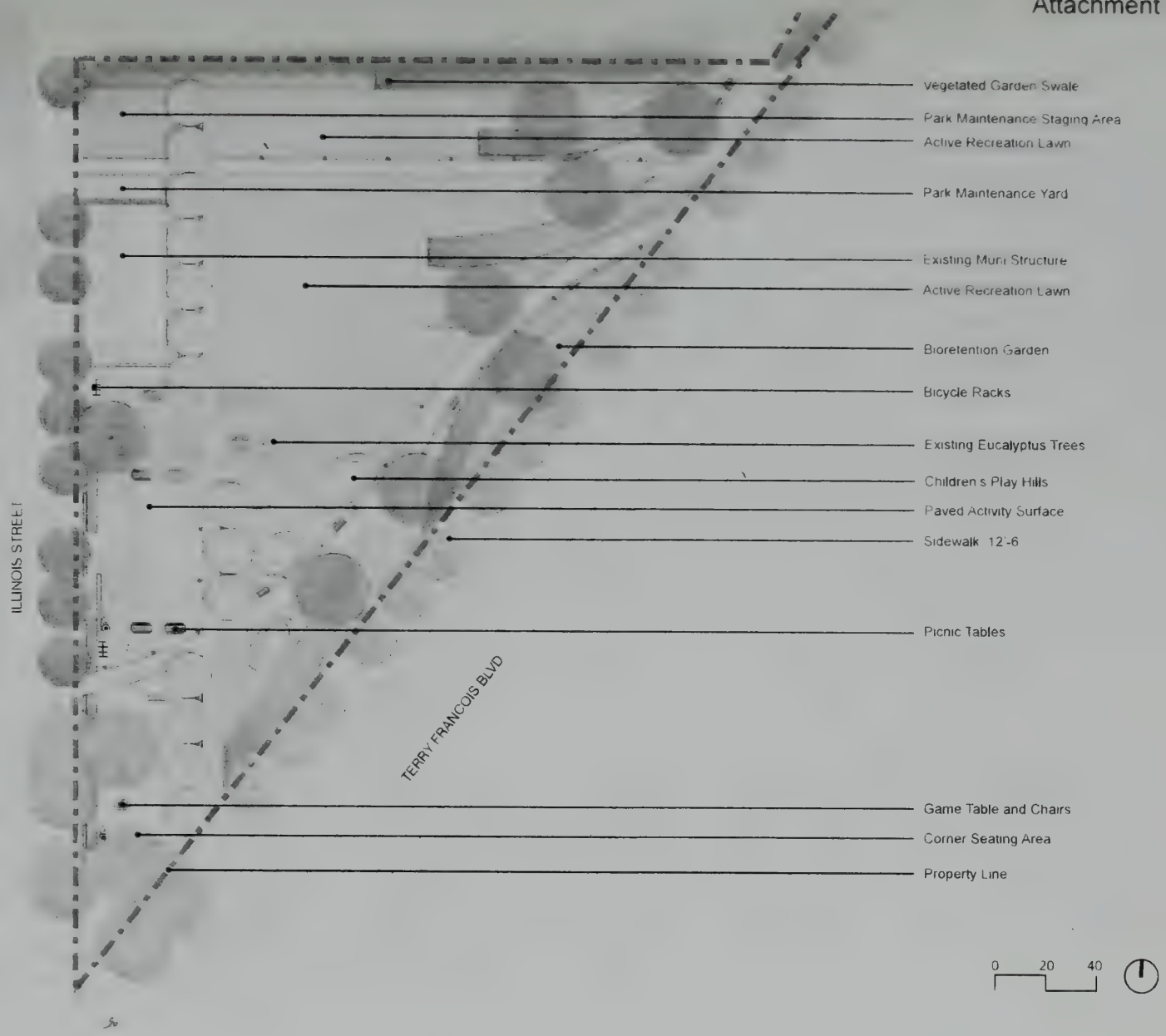






Park P23 Renderings

Attachment #7

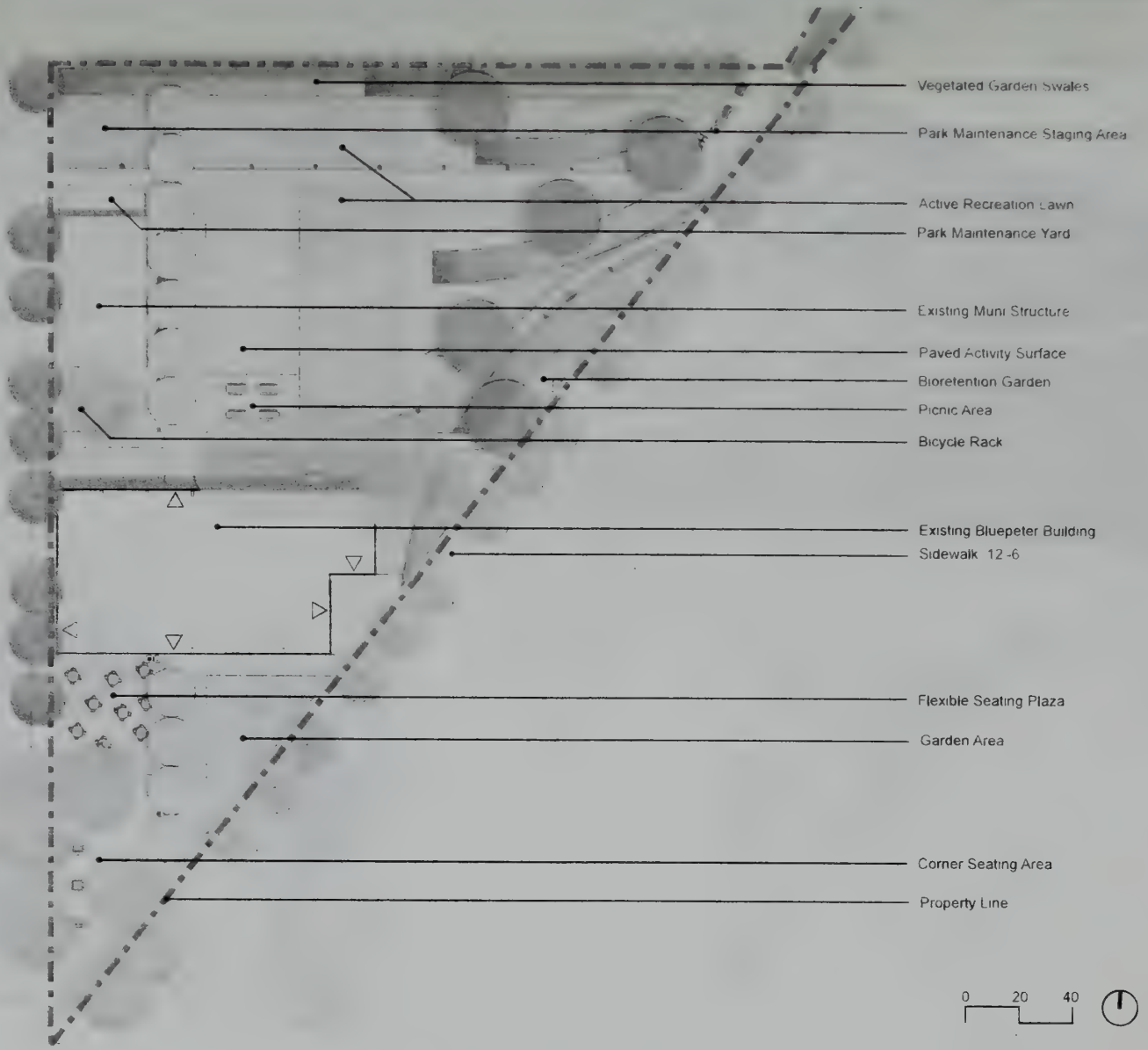


Park P24 Concept Plan

Attachment #8



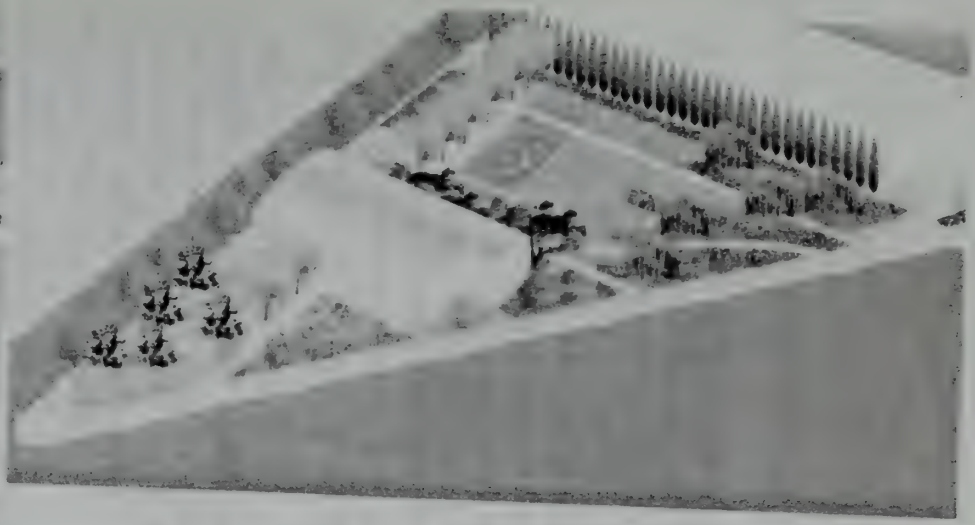
Bluepeter Building (Existing)



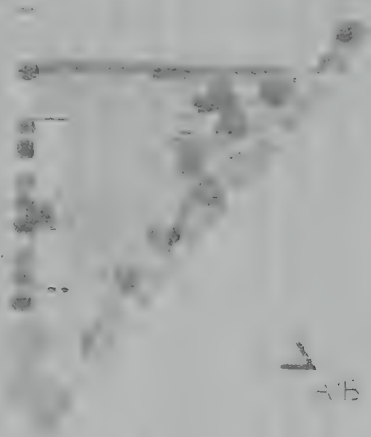
Park P24 Concept Plan with Bluepeter Building

Attachment #9









Park P24 Renderings

ATTACHMENT 10

Conditions of Retention of Bluepeter as agreed upon with Friends of the Bluepeter group:

1. In the event that the Bluepeter building is retained, the plans for Open Space Parcel P24 will be reviewed by staff and minor modifications made, as necessary, to ensure compatibility between the ultimate use of the building and the adjacent park uses.

2. During 2010, FOCIL-MB will develop two sets of Construction Drawings for Open Space Parcel P24, one without the Bluepeter building and one with the Bluepeter building retained, consistent with the park design alternatives approved by the Port and Agency Commissions for the Concept and Schematic Design for Open Space Parcels P23 and P24. Staff will consult with the Mission Bay Citizens Advisory Committee, the Friends of the Bluepeter, and other members of the public during the Construction Drawing process.

3. The Friends of the Bluepeter will have until March 1, 2011 to raise all necessary funds to cover the cost of stabilization and the basic, on-going maintenance of the Bluepeter building once it is stabilized. The Friends of the Bluepeter must have all cash-in-hand by March 1, 2011; however, the Port and Agency will consider verifiable institutional funding commitments as a substitution for cash-in-hand for the required funding.

4. The Friends of the Bluepeter will have to demonstrate that the funding raised for stabilization, as outlined in the September 9, 2009 Equity Community Builders feasibility study, is adequate to fully stabilize the building, which is currently estimated at over $300,000. Detailed cost estimates from the proposed contractor and a licensed engineer/architect will need to be provided to prove the ultimate cost for stabilization to ensure that the funding will cover the actual cost of stabilization. Cash or verifiable commitments for four years of maintenance (including graffiti abatement, security, insurance, and routine maintenance and repair) after stabilization will also be required.

5. In addition to identifying funding commitments for the stabilization and maintenance of the Bluepeter building by March 1, 2011, the Friends of the Bluepeter will have to secure a qualified development partner acceptable to the Port and Agency who is prepared to enter into an agreement with the Agency and Port for the redevelopment and operation of the Bluepeter building on reasonable terms. A qualified development partner must:

 a) Demonstrate financial capacity and show access to capital to complete the project.

 b) Demonstrate experience in developing and operating projects of similar type and scale.

c) Submit a feasible plan for redevelopment and operations, based on verifiable cost and revenue assumptions.

d) Provide by March 1, 2011 a non-refundable deposit equal to the cost of the remediation of the Bluepeter building site, i.e. building demolition and preparation of the site for park use.

6. If the Friends of the Bluepeter meet the above conditions, the Executive Directors of the Port and Agency will negotiate in good faith with the Friends of the Bluepeter or designated qualified development partner agreements necessary to allow for the stabilization and redevelopment of the Bluepeter building. Any agreement will need to comply with applicable Port and Agency's contracting requirements, and may require Agency and Port Commission approval.

7. The above agreements will require that stabilization work for the Bluepeter building must be completed by March 1, 2012, and that physical construction work on the redevelopment of the Bluepeter building must commence by March 1, 2016.

8. No stabilization of the Bluepeter building will be allowed until all the above conditions are met.

9. Neither the Port nor the Agency will contribute financially to the stabilization, redevelopment, operations, or maintenance of the Bluepeter building.

10. All proposed uses must be consistent with the Public Trust and compatible with the Mission Bay open space uses, as determined by the Port and Agency. Plans for redevelopment and operation of the Bluepeter building shall be subject to community review, such as by members of the Mission Bay Citizens Advisory Committee, Dogpatch Neighborhood Association, Potrero Boosters, and other appropriate community groups, prior to Commission consideration of agreements.

11. As Community Facilities District #5 did not include authorization to cover costs related to the Bluepeter building, retention of the Bluepeter building within parcel P24 shall not create any new additional costs related to the maintenance of the park. Any future tenant and/or qualified development partner will be required to off-set any increase in park management costs related to the use of the building.

PORT OF SAN FRANCISCO

MEMORANDUM

March 2, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Concept Design for the Mission Bay Shoreline Protection for Bayfront Park Project

DIRECTOR'S RECOMMENDATION: Informational Only; No Action Required

BACKGROUND

The purpose of this item is to present the conceptual design for the Mission Bay Shoreline Protection Project for Bayfront Park (Project), giving the Port Commission the opportunity to provide input on design concepts, prior to finalizing the design, creating the construction documents, and requesting Port Commission authorization to advertise.

The proposed Project is intended to support the future Bayfront Park, and is located in San Francisco's Mission Bay area, east of Terry Francois Boulevard. The shoreline improvement Project will rebuild approximately 1,200 linear feet of bay shore and slope from Pier 54 to Agua Vista Park. This Project supports the Port's and City's commitment to FOCIL-MB, the Mission Bay developer's plans to design and construct the Bayfront Park to the water's edge. The Project scope includes demolition, excavation and removal of existing unstable structures and debris, stabilization of the existing seawall, and rebuilding a stable shoreline slope with riprap for wave protection.

Per the Mission Bay South Interagency Cooperation Agreement dated November 16, 1998, and executed between the City and the San Francisco Redevelopment Agency and the Port, the Port is responsible for the reconstruction or rehabilitation of the existing shoreline within the future Bayfront Park area. Exhibit 8 of the Agreement, which shows the Bayfront Park (P21 and P22), is attached hereto as Appendix A.

This Print Covers Calendar Item No. 12A

On July 8, 2008 the Port Commission approved expenditure of $431,063 for the engineering and design service for the Project in the first issuance of the 2008 GO Bonds that took place in August 2008 (Resolution No. 08-58).

At its April 28, 2009 meeting, the Port Commission authorized staff, by Resolution No. 09-23, to award a contract to Coast & Harbor Engineering for design and engineering services of the Mission Bay Shoreline Protection project for Bayfront Park in the amount not to exceed $355,026 plus a ten percent contingency amount of $35,503, for a total contract authorization of $390,529. The design and engineering services include site investigation, analysis, design, preparation of bid documents, making presentations, preparing the cost estimate and schedule, providing services during bid and construction phase, and performing other work as required to complete the Project.

Coast & Harbor Engineering completed 30% of the project design in July 2009, and 60% in October 2009.

CONCEPT DESIGN

The design concept includes demolition and excavation of the existing debris and shoreline structures, preparation of a sub-base with native or imported aggregate, installation of geotextile filter fabric, installation of bedding stone and armor stone. In addition, the existing seawall is to be stabilized using controlled low strength material poured into voids behind and under the structure. The shore slope and seawall stabilization concept will result in a long-term stable shoreline for protection of the future Bayfront Park. Crest elevation of the structure is set at existing grade, as the existing grade already accommodates extreme tides including San Francisco Bay Conservation and Development Commission's (BCDC's) anticipated sea level rise for 50 years into the future. This crest elevation facilitates viewing of the Bay from the future park. Although the crest elevation limits wave-induced overtopping during storms, some overtopping is expected during large storm events and will be incorporated into the Bayfront Park design. Park design will incorporate seawater intrusion with proper drainage and appropriate vegetation. The 60% design concept project area plan and sections are shown in Appendix B.

The project design has been coordinated with the Mission Bay Task Force, the San Francisco Redevelopment Agency (SFRA) and Mission Bay Development Corporation. In addition, the design underwent community review through the SFRA Mission Bay Citizens Advisory Committee meeting on October 8, 2009, and Central Waterfront Advisory Group meeting on December 9, 2009.

REGULATORY APPROVALS

A Mitigated Negative Declaration consistent with the California Environmental Quality Act (CEQA) was adopted by the San Francisco Planning Commission in October 2009. The Port anticipates receiving BCDC, U.S. Army Corps of Engineers and California Fish and Game Permits in the Spring of 2010.

FUNDING

The Project will be funded by the 2008 Clean and Safe Neighborhood Parks General Obligation Bond (the 2008 GO Bonds), which was passed by San Francisco voters on February 5, 2008. The 2008 GO Bonds identified a total amount of $3,000,000 for the Mission Bay Shoreline Protection Project for Bayfront Park. The project is being designed to be awarded and constructed within this budget.

SCHEDULE

Port staff expect to complete the final design for the Project in March 2010. At its April 13, 2010 meeting, Port staff will present the final design to the Port Commission and request approval to advertise for construction bids. If approved by the Port Commission, in May 2010, Port staff will accept construction bids and begin construction in July 2010. The Project construction duration is estimated to be 3 months.

SUMMARY

Port staff have reviewed this conceptual design and invite the Port Commission's comments.

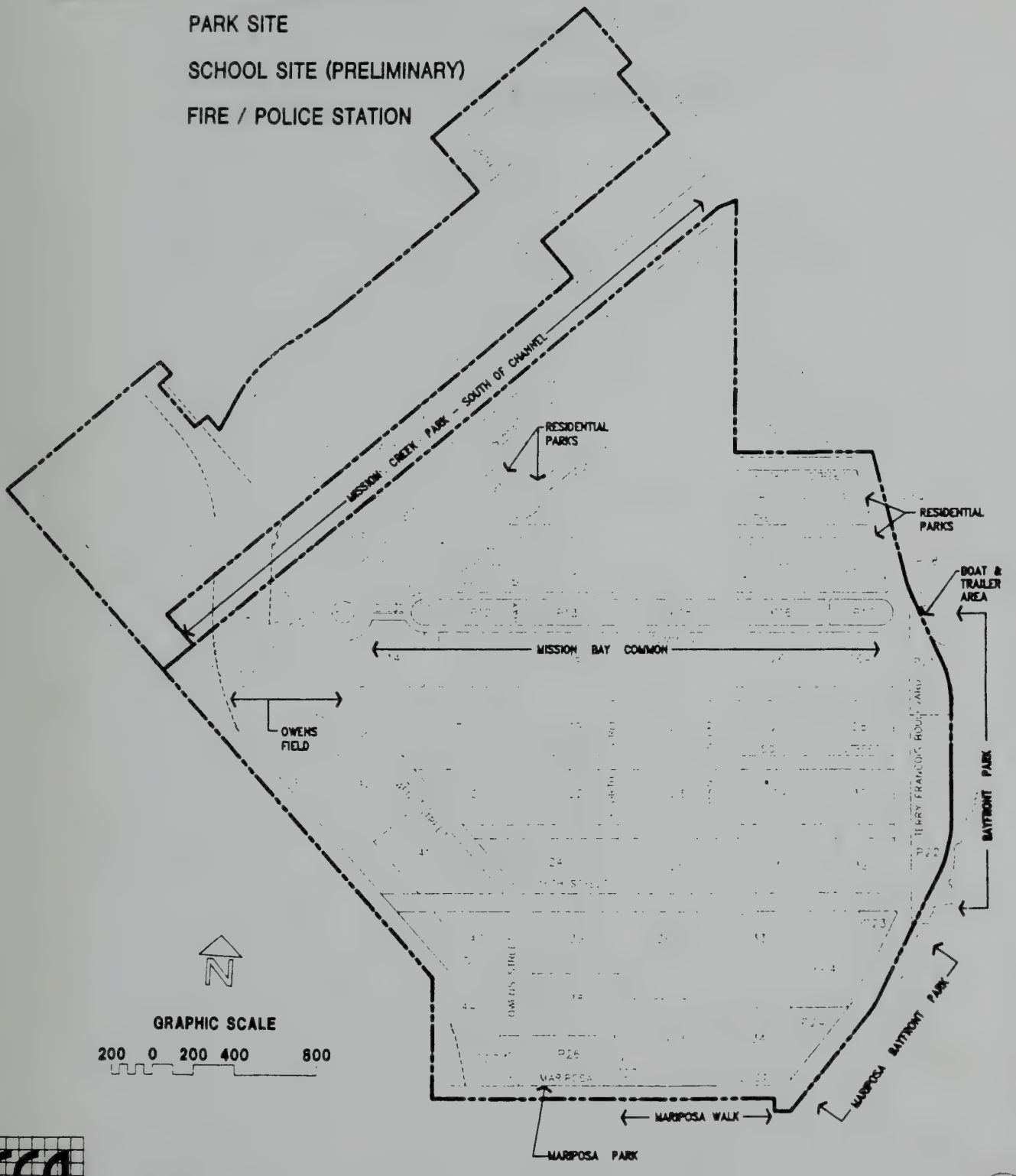
Prepared by: Ken Chu, Project Manager
For: Edward F. Byrne, Chief Harbor Engineer

SOUTH OF CHANNEL

INFRASTRUCTURE

PARKS & OPEN SPACE
FIRE & POLICE STATION
SCHOOL SITE

SYMBOL	DESCRIPTION
	PARK SITE
	SCHOOL SITE (PRELIMINARY)
	FIRE / POLICE STATION



A PROJECT OF CATELLUS DEVELOPMENT CORPORATION

8

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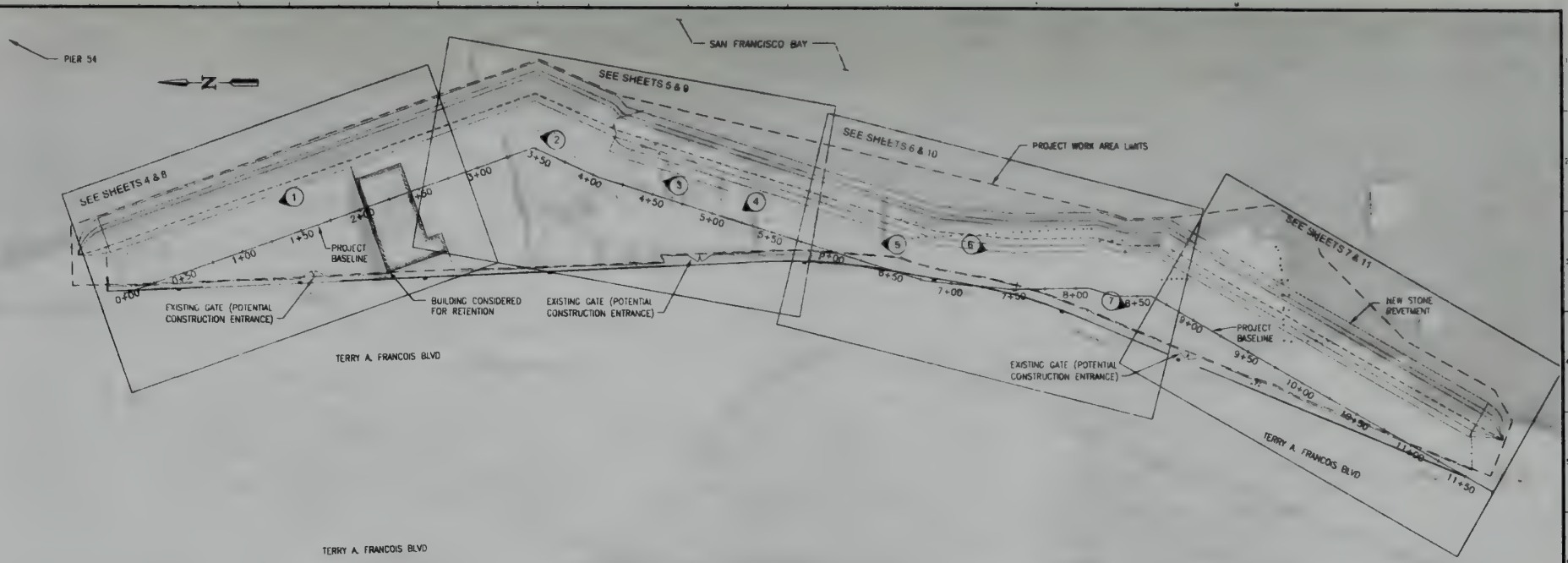
8/19/98

EXHIBIT 8

Appendix B

60% Design

Concept Project Area Plan and Sections



SITE PLAN

SCALE 1" = 40'

GENERAL CONSTRUCTION NOTES

1. DEMOLITION DEBRIS WITH ASBESTOS WILL BE REMOVED BY THE OWNERS PRIOR TO CONSTRUCTION

EXCAVATION

1. CONDUCT STRUCTURE EXCAVATION TO THE LINES AND GRADES SHOWN ON THE PLANS
2. SUITABLE EXCAVATION MATERIALS SHALL BE DISPOSED OF OFF-SITE EXCEPT FOR THOSE THAT ARE RECYCLABLE INTO CONCRETE AGGREGATE OR BASE
3. EXCAVATION SHALL BE CONDUCTED IN ACCORDANCE WITH OSHA (29 CFR PART 1926 SUBPART P, EXCAVATION) SAFETY REGULATIONS FOR SLOPING OF EXCAVATION SIDE SLOPES AND FOR USING SHORING, BRACING AND OTHER SAFETY MEASURES WHILE PERFORMING THE EXCAVATION WORK
4. STOCKPILED MATERIALS SHALL BE PLACED A SUFFICIENT DISTANCE FROM OPEN EXCAVATION PER OSHA REGULATIONS

DEMOLITION

1. ALL MATERIALS FROM DEMOLITION SHALL BECOME THE PROPERTY OF THE CONTRACTOR AND DISPOSED OF AT AN APPROVED DISPOSAL FACILITY
2. ALL UNUSABLE CONCRETE AND ASPHALT SHALL BE PROCESSED FOR RECYCLING AT A LOCAL CONCRETE RECYCLING FACILITY OR DISPOSED OF AT THE PORT DISPOSAL SITE

PROTECTION OF ENVIRONMENT

1. CONTRACTOR TO PROVIDE A BARRIER OR OTHER MEANS TO PREVENT CONSTRUCTION DEBRIS FROM ENTERING THE BAY. FLOATING DEBRIS BOOM SHALL BE INSTALLED AROUND THE ACTIVE WORK AREAS THROUGHOUT THE DEMOLITION AND EXCAVATION PROCESS
2. CONTRACTOR TO PROVIDE TEMPORARY EROSION CONTROL MEASURES TO ENSURE THAT SEDIMENT LADEN RUNOFF IS TREATED BEFORE LEAVING THE SITE
3. ALL CATCH BASINS TO HAVE CATCH BASINS INSERTS INSTALLED PRIOR TO CONSTRUCTION

TIDAL DATUMS (CITY DATUM)

MHHW	5.1 FT
MHW	5.7 FT
MSL	0.1 FT
MLW	-10.2 FT
MLLW	-11.3 FT

LEGEND

EXISTING FENCE

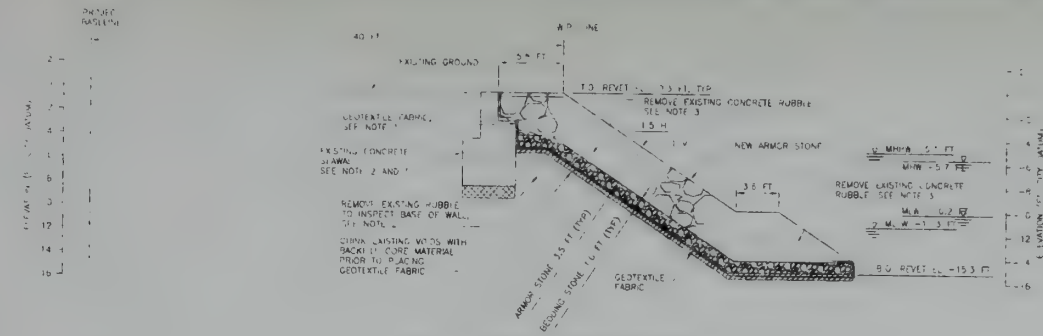
(2) GROUND PHOTO POINT

SCALE IN FEET

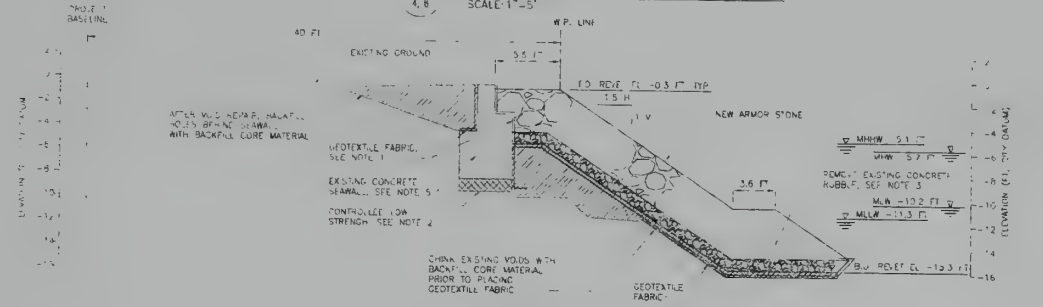
60% Submittal - October 16, 2009

COAST & HARBOR ENGINEERING

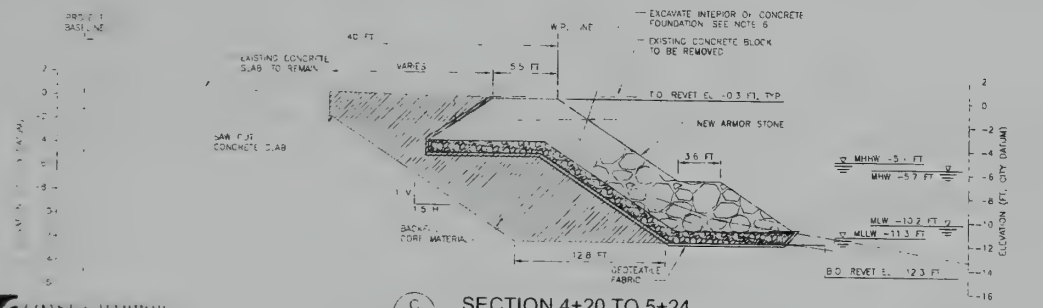
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			DRAWN LRP DATE	___ CHIEF HARBOR ENGINEER	REV NO	PROJECT AREA	DRAWING NO
			CHECKED SF/SF DATE				SHEET OF SHEETS 2 OF 15



A 4, 8 SECTION STA 0+00 TO STA 3+25
SCALE: 1"=5'



B 5, 8 SECTION STA 3+25 TO 4+20
SCALE 1"=5'



C 5, 8 SECTION 4+20 TO 5+24
SCALE: 1"=5'

NOTES:

1. EXTEND GEOTEXTILE FABRIC 4 FEET OF EXISTING SEAWALL AND SECURE AS PLACED PRIOR TO PLACING NEW STONE. GEOTEXTILE SHALL BE PLACED AFTER EXCAVATION AND BEFORE APPLY BACKFILL MATERIALS ARE PLACED.
2. CONTRACTOR TO REMOVE EXISTING CONCRETE APRON TO INSPECT BASE OF WALL FOR VOIDS. VOIDS TO BE FILLED WITH CONCRETE OR STRENGTH MATERIAL PRIOR TO REPLACING RIPRAP (APPROX. STA 1+50 TO 4+00).
3. EXCAVATION OF EXISTING CONCRETE RUBBLE AND DEBRIS TO BE DONE DOWN TO BOTTOM OF SECTION SHOWN ONLY. THE CONCRETE RUBBLE REMOVED TO INSPECT BASE OF EXISTING SEAWALL MAY BE REPLACED IF BELOW TEMPLATE FOR NEW REVETMENT STONE.
4. EXCAVATED MATERIAL TO BE DRAINED FROM EXCAVATION FOR REVETMENT CONSTRUCTION. CONTRACTOR TO OBTAIN APPROVAL FROM ENGINEER AFTER REVETMENT EXCAVATION FOR USE AS BACKFILL.
5. BOTTOM OF SEAWALL ELEVATION NOT KNOWN. CONTRACTOR TO FIELD VERIFY.
6. TYPE OF MATERIAL TO BE DEMOLISHED UNDER AND BEHIND CONCRETE BLOCKS NOT KNOWN. PER DEMOLITION PLAN CONTRACTOR IS TO SURVEY THE EXISTING SITE CONDITIONS AND PROVIDE AN ESTIMATE OF VOLUMES AND TYPES OF MATERIAL TO BE EXCAVATED/DEMOLISHED.
7. BACKFILL CORE TO CONSIST OF ON SITE PROCESSED AGGREGATE. IMPORTED RECYCLED AGGREGATE MAY BE USED UPON APPROVAL OF ENGINEER.
8. CONCRETE RUBBLE REMOVED TO INSPECT BASE OF EXISTING SEAWALL MAY BE REPLACED IF BELOW TEMPLATE OF NEW REVETMENT STONE.

LEGEND:

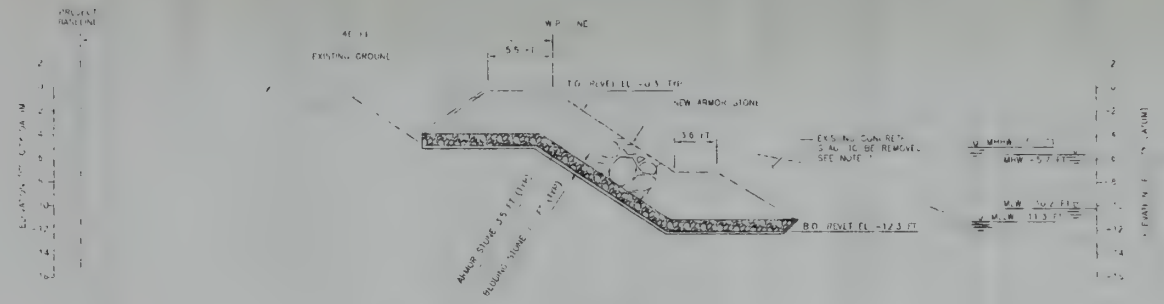
- EXISTING CONCRETE RUBBLE
- BACKFILL CORE MATERIAL
- EXISTING CONCRETE WALL/ SLAB TO REMAIN
- EXISTING CONCRETE SLAB TO BE REMOVED
- CONCRETE SLAB/BLOCK TO BE REMOVED
- CONTROLLED LOW STRENGTH MATERIAL
- NEW STONE

0 5 SCALE IN FEET

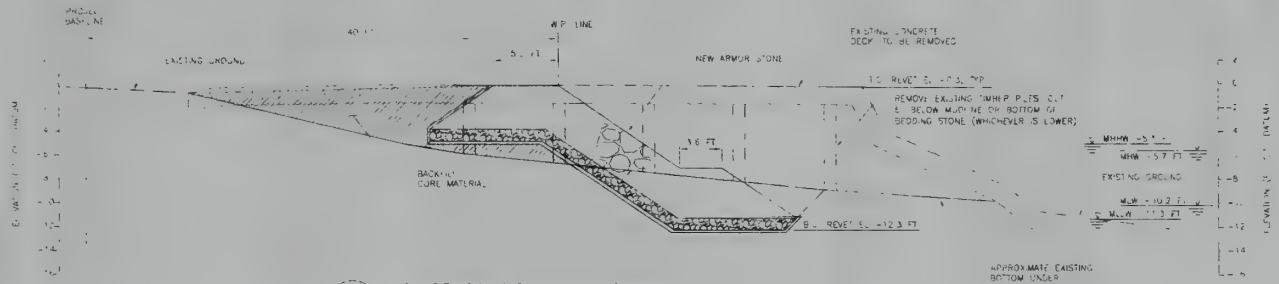
COAST & HARBOR ENGINEERING

60% Submittal - October 16, 2009

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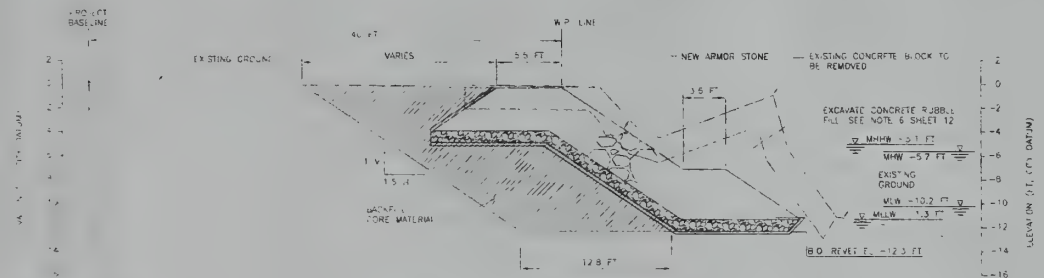


D SECTION STA 5+24 TO 8+55
SCALE 1"=5'



E SECTION STA 8+55 TO 9+40
SCALE 1"=5'

NOTE
1. THICKNESS OF CONCRETE SLAB IS ASSUMED. CONTRACTOR TO FIELD VERIFY.
2. EXISTING TIMBER PILES NOT PER SLAB ARE ENCASED IN CONCRETE. CONTRACTOR TO FIELD VERIFY.



F SECTION STA 9+40 TO 11+20
SCALE 1"=5'

LEGEND

- EXISTING CONCRETE RUBBLE
- BACKFILL CORE MATERIAL
- EXISTING CONCRETE WALL/ SLAB TO REMAIN
- EXISTING CONCRETE SLAB TO BE REMOVED
- CONCRETE SLAB/BLOCK TO BE REMOVED
- NEW STONE

SCALE IN FEET

COASTAL HARBOR ENGINEERING

60% Submittal - October 16, 2009

	REFERENCE INFORMATION R"E" NO OF SURVEYS	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	DESIGNED DATE S. HICKS DRAWN DATE LRP CHECKED DATE SF/SF	APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ CHIEF HARBOR ENGINEER	SCALE 1"=5' REV NO	PORT OF SAN FRANCISCO Mission Bay Shoreline Protection Project SECTIONS 2	CONTRACT NO 2730 DRAWING NO SHEET OF SHEETS 13 13 OF 13

PORT OF SAN FRANCISCO

MEMORANDUM

March 1, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to Award Construction Contract No. 2736, Marine Structural Project II, for Repairs of the Hyde Street Harbor Fuel Dock Substructure and the Ferry Building North Public Plaza in an Amount Not-to-Exceed $1,471,000 plus a 10% Contingency ($147,100), for a Total Amount of $1,618,100.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Introduction

Port staff request that the Port Commission authorize the award of Construction Contract No. 2736, the Marine Structural Project II, to Cowhey Pacific Drilling, Inc., the lowest responsive, responsible bidder. The proposed work includes strengthening the Fisherman Wharf's Fuel Dock substructure to provide seismic and berthing performance in compliance with current codes. The work will also result in upgrading of a number of utility crossings between the Fuel Dock and the adjacent wharf to accommodate relative movements between the two structures associated with lateral seismic and berthing loads. The project will disrupt existing fueling operations but fueling will be maintained on a limited basis.

The project scope also includes repairs to the Ferry Building North Public Plaza. The repair work includes repairs to the slab substructure and concrete piles, and the installation of a new deck topping slab.

Background

The Port Commission, at its meeting on December 8, 2009, authorized staff to advertise for bids for this Project (Port Commission Resolution 09-73). The Human Rights

This Print Covers Calendar Item No. 12B

Commission staff recommended a Local Business Enterprise ("LBE") subcontracting goal of 16% for this contract.

At the time of staff's invitation for bids on December 14, 2009, the engineer's estimate for this project was $1,900,000. On February 8, 2010, Port staff received three bids for this project. A summary of the bids is attached. Cowhey Pacific Drilling, Inc. submitted the lowest bid, with a total bid price of $1,471,000, 22.6% lower than the engineer's estimate. Cowhey Pacific Drilling, Inc.'s, bid includes LBE subcontractor participation of 20.6%, which exceeds the HRC goal of 16%. Under the proposed contract, the work to be performed by Cowhey Pacific Drilling, Inc., shall cover all costs of labor, design, supervision, management, materials and equipment.

Funding

The project is fully funded. The funding sources and amounts are noted below:

Funding Source	Funding Amount
CPO 741 – Pier Repair Fund	$719,000
CPO 778 – Pier Structure Repair Project Phase II Fund	$899,100
	$1,618,100

Schedule

The estimated project schedule is summarized below:

Milestone Activity	Date
Commission Award	March 9, 2010
Est. Notice to Proceed (NTP)	April 5, 2010
Est. Substantial Completion	December 2010
Est. Final Completion	March 2011

Summary

Port staff recommend that the Port Commission authorize the award of construction Contract No. 2736, Marine Structural Project II, to Cowhey Pacific Drilling, Inc., as the lowest responsive, responsible bidder, for a not-to-exceed amount of $1,471,000, and also authorize staff to increase the contract amount, if needed for unanticipated contingencies, by an additional 10% (or $147,100) through contract modification or change order for a total of $1,618,100. Staff also recommends that the Port Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Winnie Lee, Project Engineer and
Joe Roger, Project Manager

For: Edward F. Byrne
Chief Harbor Engineer

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-11

WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Marine Structural Project II, Contract No. 2736 (the "Project"), at its meeting on December 8, 2009; and

WHEREAS, Port staff received three bids for the Project on February 8, 2010; and

WHEREAS, Port Engineering staff and the Human Rights Commission ("HRC") staff reviewed the bids and determined that Cowhey Pacific Drilling, Inc. is the lowest responsive, responsible bidder for the Project; and

WHEREAS, Cowhey Pacific Drilling, Inc.'s total bid price is $1,471,000; and

WHEREAS, the funds available from the Port's Pier Repair Fund, CPO 741 and CPO 778 will fully fund the Project costs; and

WHEREAS, Cowhey Pacific Drilling, Inc.'s bid includes 20.6% for subcontractor participation, satisfying the Port's 16% subcontracting goal for Local Business Enterprises (LBEs) as recommended by the HRC; now, therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to award Construction Contract No. 2736, Marine Structural Project II, to Cowhey Pacific Drilling, Inc., the lowest responsive, responsible bidder, for the not-to-exceed amount of $1,471,000; and be it further

RESOLVED, that the Port Commission authorizes Port staff to increase the contract amount, if needed for unanticipated contingencies, by an additional $147,100 (10% of $1,417,000) through contract modification or change order; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 2010.

Secretary

B I D T A B U L A T I O N

BID OPENING DATE 02/08/10 IN PIER 1, SAN FRANCISCO
CONTRACT NUMBER 2736
LOCATION FERRY BUILDING NORT PUBLIC ACCESS
HYDE STREET HARBOR FUEL DOCK

LBE GOAL: 16%

TOTAL NUMBER OF CALENDAR DAYS 200

NUMBER OF BIDDERS: 3

ENGINEERS EST: 1,900,000.00

AMOUNT UNDER: 429,000

PERCENT UNDER EST: 22.58

BID RANK	BID TOTAL	BIDDER INFORMATION
1	1,471,000.00	COWHEY PACIFIC 1215 Michigan Street San Francisco, CA 94107 PHN (415) 401-7022 FAX (415) 391-5655
2	1,679,145.00	UNDERWATER RESOURCES Pier 26, The Embarcadero San Francisco, CA 94105 PHN (415) 974-5664 FAX (415) 974-1749
3	2,495,000.00	SCHEMBRI CONSTRUCTION 1485 Bayshore Blvd., #130 San Francisco, CA 94124 PHN (415) 656-0300 FAX (415) 656-0310

Bid Item #	Description	Est Qty	Units	COWHEY PACIFIC		UNDERWATER RESOURCES		SCHEMBRI CONSTRUCTION	
				Unit Price	Total	Unit /LS Price	Total	Unit /LS Price	Total
1	Furnish and install Hyde Street Fuel Dock piles per drawings C-111 through C-122 and S- 010 through S-515, and related specifications.	440	LF	700	308,000.00	525	231,000.00	550	242,000.00
2	Furnish and install all work for Hyde Street Fuel Dock per drawings C-111 through C-122, S-010 through S-515, E-101 through E-103, and M-001 through M-105 and related specifications.	1	LS	738,000	738,000.00	1,172,395	1,172,395.00	1,608,000	1,608,000.00
3	All work related to removal and disposal of creosote-treated wood piles.	50	TONS	1,100	55,000.00	215	10,750.00	1,500	75,000.00
4	Furnish and install all work detailed per drawings FBS-0 through FBS-4 and related specifications for the Ferry Building North Public Plaza repairs.	1	LS	300,000	300,000.00	195,000	195,000.00	500,000	500,000.00
5	Demobilization and Mobilization at Hyde Street Fuel Dock	1	LS	50,000	50,000.00	50,000	50,000.00	50,000	50,000.00
6	Demobilization and Mobilization at Ferry Building North Public Plaza	1	LS	20,000	20,000.00	20,000	20,000.00	20,000	20,000.00
Total Bid Price (summation of Items 1 through 6)					1,471,000.00		1,679,145.00		2,495,000.00

###

PORT OF SAN FRANCISCO

MEMORANDUM

March 1, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of Lease No. L-14630 with D & G Company, LLC, for a fifteen and one-half years (plus a five-year extension option) restaurant lease for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors' approval, and companion Sidewalk Encroachment License No. 14651 subject to Port Commission approval

DIRECTOR'S RECOMMENDATIONS: Approve Attached Resolution

I. History

D & G Company, LLC, doing business as Lou's Pier 47 ("Lou's Pier 47"), operates a restaurant and entertainment venue located at 300 Jefferson Street under Lease No. L-9798 executed in February 1, 1977. Lou's Pier 47 is located in the heart of the Fisherman's Wharf Historic Fish Alley District as shown on the attached map. The restaurant offers a lively casual dining experience featuring Cajun seafood cuisine, available outdoor dining, and nightly live Blues music as shown on the attached map.

The site has continuously operated as a restaurant since 1977, first as the Sports Fishing Center and subsequently as Lou's Blues. Lou's Blues declared bankruptcy in 1997, and on December 16, 1997 the Lou's Blues Lease was sold at a Bankruptcy Court auction to Lou's Pier 47. Lease No. L-9798 expired on January 31, 2007 and Lou's Pier 47 is currently holding over on a month-to-month basis.

THIS PRINT COVERS CALENDAR ITEM NO. 13A

Following the expiration of the Lease, Port staff analyzed Lou's Pier 47 proposal for a term lease to determine whether it qualified for a sole source business opportunity under the Port's Retail Leasing Policy. This policy is discussed later in this report. After an affirmative determination, Port staff moved forward with negotiations for a new, term Lease. These discussions led to a draft Lease in June 2008. However, following the dramatic downturn in the economy, Lou's Pier 47 withdrew its proposal.

In November 2009, Port staff and representatives of Lou's Pier 47 reinitiated negotiations. These meetings have led to the development of the proposed fifteen and one-half years lease with one five-year extension option and a companion month-to-month Sidewalk Encroachment License for sidewalk space along Jefferson Street to accommodate outdoor dining.

II. Lease Proposal

The proposed Lease provides for a term of fifteen and one-half years with one five-year extension option at tenant's option. Upon the exercise of the five-year renewal option, the Port has the right to adjust the minimum base rent to the then market rate, comparable to similarly situated restaurants in the Fisherman's Wharf area.

The Lease provides for a construction period of up to 6 months during which no rent is paid.

The Lease includes an initial minimum base rent of $11,956.80 per month or $2.74 per square foot per month (increased annually by 2%) versus 6.75% of all gross sales, whichever amount is greater based on 4,363 square feet. The Lease provides for a percentage rent increase to 7% in the tenth year.

The current lease only includes the first floor (2,120 square feet) in the monthly base rent calculation. It does not apply any base rent to the second floor (measured as 2,181.5 square feet). The new proposed Lease corrects this issue and applies monthly base rent to both the first and second floors. In addition, the Lease reconciles the actual square footage of the first floor (2,300 square feet) and the second floor (2,063 square feet), for a total of 4,363 square feet for the entire building.

The initial minimum base rent was determined by taking the estimated first year sales projected by Lou's Pier 47 of $2.5 million, and multiplying that amount by the percentage rent of 6.75% then multiplying that amount by 85% of the anticipated total rent. This is a standard industry methodology for determining initial base rent for retail leases.

Lou's Pier 47 is proposing to make a significant capital investment into Port property. The total project cost is estimated to be $750,000. The tenant improvements include reconfiguration and refixturizing the bar and kitchen areas, and a general renovation and upgrading of the entire premises.

In addition, the project includes accessibility improvements required by the American's with Disabilities Act ("ADA") such as installation of an elevator lift, accessible bathrooms on the first and second floors, accessible paths of travel, and accessible counter and bar heights.

The Lease establishes for the first time Rules and Regulations for Restaurants, which includes among other guidelines the management of fats, oils and grease that could enter the City's sewer system ("FOG Program"). The FOG Program is a City-based program aimed at the elimination of fats, oil, and grease being introduced into the City's combined sewer system.

The FOG Program requires Lou's Pier 47 to adopt Best Management Practices to control the introduction of fats, oils, and grease into the City's Sewer System. By controlling the introduction of these substances into the sewer system, the Port can realize savings by minimizing maintenance expenditures to address down stream sewer issues that are the responsibility of the Port.

III. Retail Leasing Policy

Under the Port's Retail Leasing Policy (adopted in 1993 by the Port Commission by Resolution No. 93-52), it is the policy of the Port Commission to competitively bid retail leasing opportunities consistent with the City's Administrative Code. Retail business at the Port is defined to include such operations as restaurants, galleries, ship chandleries, souvenir shops, parking lots and excursion vessel operations. The Retail Leasing Policy reaffirms the Port's commitment to foster and encourage full and equitable opportunities for leasing retail sites on the waterfront through community outreach and a competitive bid or request for proposal (RFP) process.

The Retail Leasing Policy does however also allow for direct sole source negotiations of leases with existing retail tenants if the direct and indirect benefits of direct negotiations exceed the benefits of a public offering. The Retail Leasing Policy permits the Port to enter into long-term leases with an existing retail tenant provided that the tenant develops a sound business plan and strategy for capital investment in the leased premises warranting the term length and provided further that the Port Commission determines that:

1. The tenant is in good standing.

2. The tenant is committed to making significant capital investment supported by a sound business plan which will benefit the Port and the tenant currently has a month-to-month lease or has a lease term insufficient to support its business plan.

3. The tenancy and its use are in the best economic interest of the Port, and the tenant is the best economic tenant available based on sales and revenues to the Port are rent comparables, a stable growth pattern and the benefits of direct

negotiation outweigh the benefits of competitive bidding.

4. The tenant has a good record of non-discrimination in its hiring and retail practices and is committed to adhering to a program of non-discrimination during the term of the proposed lease.

Port staff has reviewed Lou's Pier 47's proposal and determined that Lou's Pier 47 meets the criteria found in the Retail Leasing Policy as described below.

1. Lou's Pier 47 has been a tenant in good standing during its tenancy.

2. Lou's Pier 47's current lease (L-9798) expired on January 31, 2007 and it has been on a month-to-month hold over basis since that time. The current lack of term on the existing lease does not support nor allow Lou's Pier 47 to execute its business plan that includes making a significant capital investment into Port property. Pursuant to its business plan, Lou's Pier 47 is committing to invest up to $750,000 into the premises. The tenant improvements include installation of a lift elevator and refixturing the kitchen and bar area. In addition, Lou's Pier 47 will construct ADA compliant accessible bathrooms on the first and second floors, create barrier free paths of travel, construct a new and more inviting entrance and completely resurface the interior and exterior finishes of the building.

 Lou's Pier 47 is making a sizeable investment in the Port's property. In exchange for this investment, and upon approval by the Port Commission and the Board of Supervisors, the Port will grant Lou's Pier 47 (i) a sole-source business opportunity and (ii) an extended lease term of fifteen and a half years plus a five-year extension. Aside from the six months of free rent during the construction period, it is not now, nor will it ever be, the Port's intention to also grant rent credits or other financial considerations for these improvements.

3. There are substantial and quantifiable benefits to direct negotiations with this existing tenant. Lou's Pier 47 is willing to make a significant capital investment in Port property within a predetermined timeframe as required by the proposed lease; Lou's Pier 47 has established a proven track record and successful restaurant formula in the competitive restaurant-rich Fisherman's Wharf area; and Lou's Pier 47 is the only live music venue in Fisherman's Wharf and attracts nighttime customers to the general wharf area which benefits all wharf merchants.

 Furthermore, in June 2006, the Port commissioned a third party real estate analysis to determine the "highest and best use" for three Port properties in the Fisherman's Wharf area. The report documents findings and analysis for 360 Jefferson Street, currently leased by Portco; 300 Jefferson Street, currently Lou's Pier 47; and 2890 Taylor Street, currently leased by Boudin's (see attached location map).

The study concluded that these restaurants tend to pay lower percentage rents, in the 6 to 8 percent range, while retail shops pay in the 8 to 9 percent range. The report concluded that these ranges were appropriate and in-line with their respective uses. Based on the finding in the 2006 report and in conjunction with other relevant market data from other like-situated Port restaurants along Jefferson Street, Port staff believes that a percentage rent of 6.75% increased to 7% in the tenth year reflects fair market conditions. It should be noted that retail comparables for percentage rent do not typical fluctuate during three to five year periods therefore the 2006 report would be considered as relevant market data.

4. Lou's Pier 47 is committed to non-discrimination in its hiring and retail practices and is committed to adhering to a program of non-discrimination during the term of the proposed lease. According to recordings provided by Lou's Pier 47 they currently provide forty jobs to the City's economy.

IV. Analysis

Lou's Pier 47 currently pays the greater of minimum base rent in the amount of $6,579.99 per month or $3.10 per square foot or 6.75% of all gross sales.

Under the proposed new Lease, the percentage rent will remain at 6.75%, but the minimum base rent will initially be increased to $11,954.62 per month, which represents an 80% increase over the existing monthly rent. The Lease provides for an annual 2% adjustment to the minimum base rent and, in the tenth year, the percentage rent will be increased to 7%.

The current lease does not account for or apply a minimum base rent figure to the second floor which accounts for 50% of the entire building envelope. The new Lease "fixes" this issue by incorporating the entire building's square footage into the rent equation.

During the twelve month period between November 2008 and December 2009, Lou's Pier 47 has reported sales of $2.1 million dollars. During the same period Lou's Pier 47 paid a total rent of $151,337.00 per year or an average of $12,611.00 per month or $35.00 per square foot per year. The average range for similarly-sized Port restaurants located on Jefferson Street is from $21 to $38 per square foot per year.

Port staff anticipates a direct and corresponding increase in Lou's Pier 47 sales as a result of its investment in the premises. First, by integrating the first and second floors, it will create a more unified restaurant operation and a generally better utilization of space. Secondly, by creating a more inviting restaurant atmosphere, it will provide an enhanced dining and entertainment experience for its customers. The Port believes that both these improvements will enhance sales and therefore revenue to the Port.

The Port and Lou's Pier 47 executed a Sidewalk Encroachment License in May 1998 to allow the placement of tables and chairs on the sidewalk for outdoor dining. The new

proposal provides for a new updated companion Sidewalk Encroachment License No. 14651 for outdoor dining that will replace the 1998 document.

LEASE TERMS:	
Tenant:	D & G Company, LLC, d.b.a. Lou's Pier 47 between Al Scoma Way and Leavenworth Street.
New Lease Number:	L-14630
Premises:	Approximately 4,363 square feet of improvements located at 300 Jefferson Street.
Lease Commencement Date:	Upon lease approval by the Port Commission and then the Board of Supervisors and final execution by Port, anticipated by May 2010.
Rent Commencement Date:	Lease Commencement Date
Lease Expiration Date:	Fifteen and one-half years from Rent Commencement Date.
Renewal Option:	One (1) five-year option exercisable by tenant with Minimum Base Rent Adjustment.
Monthly Base Rent:	$2.74 per square foot or $11,954.62 per month
Base Rent Adjustment:	2% on each anniversary of the rent commencement date.
Percentage Rent:	6.75% of all gross sales, years 1-10 7% of all gross sales, years 11-15½ and during extension
Use:	Full service restaurant and entertainment venue.
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's Base Rent due in the fifteenth year of Lease.
No Termination By Port:	Early termination of the Lease by the Port in connection with a Port Project is deleted.
As Is:	The Premises shall be accepted in "as is" condition.
FOG Program:	The Tenant will participate in the FOG Program, which is a City-based program aimed at the elimination of fats, oil, and grease being introduced into the City's combined sewer system.
Tenant Improvements:	Tenant improvements in the amount of $750,000 without rent credit or other financial compensation. Tenant shall have the obligation and right to design

	and construct tenant improvements at tenant expense, subject to Port approval. Tenant must construct the improvements no later than July 1, 2011. Tenant shall have a six month rent free period during construction.
Performance/Payment Bond:	Tenant shall provide both a Contractors and a Payment and Performance Bond (Labor and Materials), and a Tenant Guarantee each in an amount equal to 150% of the construction cost of Tenant Improvements per the approved Building Permit.
Utilities:	Tenant's sole responsibility.
Insurance:	Tenant shall provide insurance coverage acceptable to Port and City Risk Manager.
City Requirements:	Tenant to comply with all applicable City laws, including but not limited to, Card Check, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws.
LICENSE TERMS:	
Tenant:	D & G Company, LLC, dba: Lou's Pier 47
New License Number:	14651
Premise:	609.5 square feet of sidewalk space.
Term:	Month-to-month.
License Fee:	Percentage Rent as paid under the Lease.
Use:	Sidewalk dining and for no other purpose.

V. Staff Recommendation

Port staff recommends that the Port Commission adopt the attached resolution approving Lease No. L-14630 and Sidewalk Encroachment License No. 14651 and authorize the Executive Director to forward the Lease to the Board of Supervisors for approval pursuant to the Board's authorization under Charter Section 9.118, and upon the effectiveness of such approval, execute the Lease.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Deputy Director of Real Estate

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-13

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisor's approval of leases of real property with anticipated revenue to the City of One Million Dollars ($1,000,000.00) or more; and

WHEREAS, Pursuant to Port Commission Resolution No. 93-52 (the Retail Leasing Policy), it is the policy of the Port Commission to competitively bid retail leasing opportunities; and

WHEREAS, The Port Commission provides for an exception to bidding retail leasing opportunities under the Retail Leasing Policy when 1) the tenant is in good standing, 2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port, and 3) the benefits of direct negotiation outweigh the benefits of competitive bidding; and

WHEREAS, D & G Company, LLC, dba Lou's Pier 47 ("Lou's Pier 47"), is a tenant in good standing, and Lou's Pier 47 is willing to make improvements in the amount of $750,000 that will benefit the Port, and Port staff has determined that there are substantial and quantifiable benefits to direct negations with this existing tenant and those benefits outweigh the benefits of the competitive bidding process; and

WHEREAS, The Port and Lou's Pier 47 have completed lease negotiations as outlined in the Staff Report accompanying this Resolution ("Lease"); now, therefore, be it

RESOLVED, That the Port Commission approves, subject to Board of Supervisors' approval, the Lease and authorizes and directs the Executive Director or her designee to forward the Lease to the Board of Supervisors (the "Board") for approval, pursuant to the Board's authority under Charter Section 9.118, and upon the effectiveness of such approval, to execute the Lease; and, be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 2010.

Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-14

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, in connection with the operation of its restaurant, D & G Company, LLC, doing business as Lou's Pier 47 ("Lou's Pier 47"), has operated side walk dining adjacent to its restaurant located at 300 Jefferson Street pursuant to a Port of San Francisco Sidewalk Encroachment Permit and Revocable License E-12588 since May 1, 1998; and

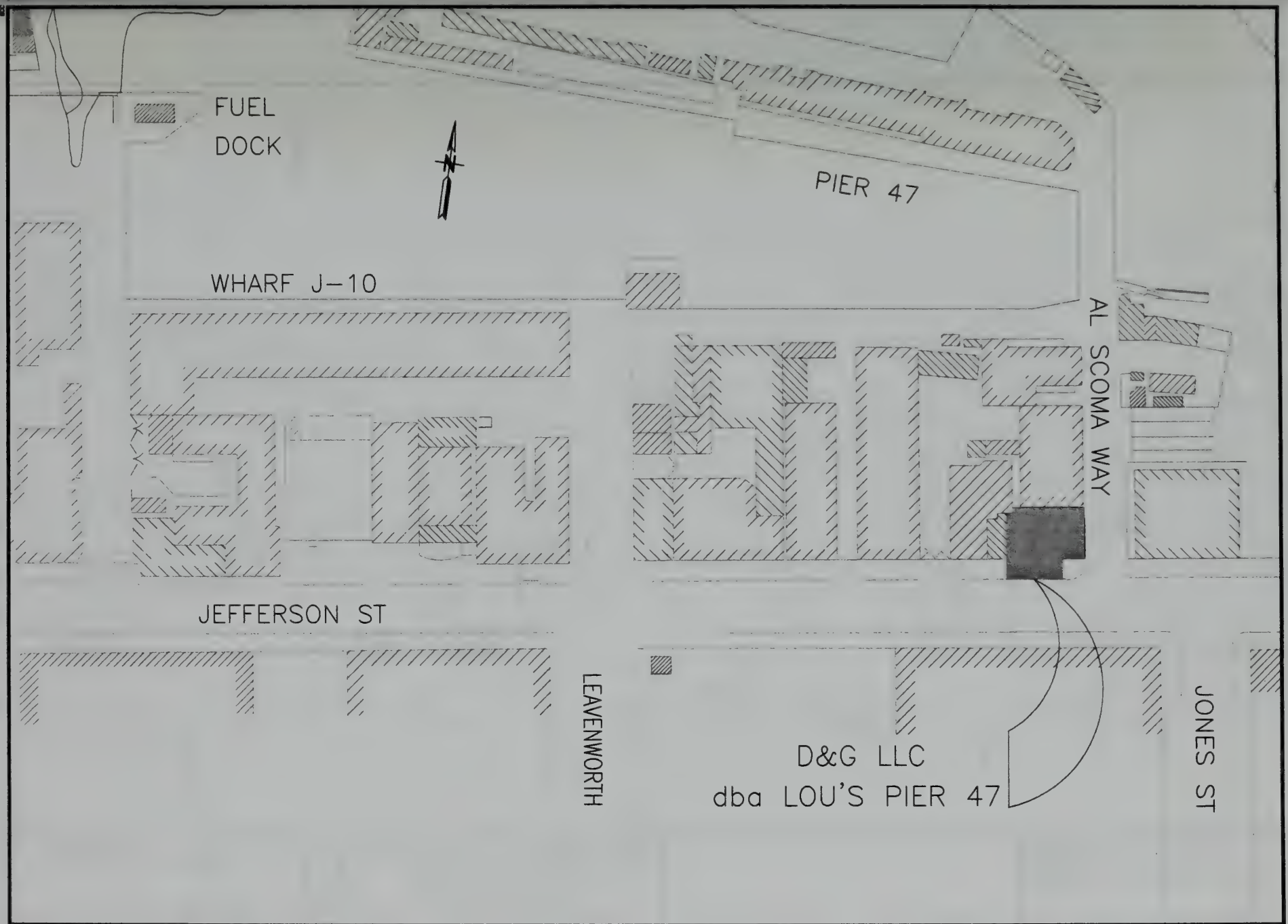
WHEREAS, along with the proposed new restaurant Lease, the Port and Lou's Pier 47 have completed negotiations and propose to enter into a new month-to-month sidewalk encroachment License No. 14651 as outlined in the Staff Report accompanying this Resolution ("License"); and

WHEREAS, the License is subject to Port Commission approved because the License Fee is based on percentage rent, similar to the new Lease; now, therefore, be it

RESOLVED, that the Port Commission authorizes the Executive Director to execute the License and enter into any additions, amendments or other modifications to the License that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port, and are necessary or advisable to complete the transactions which the License contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the License, and any such amendments thereto.

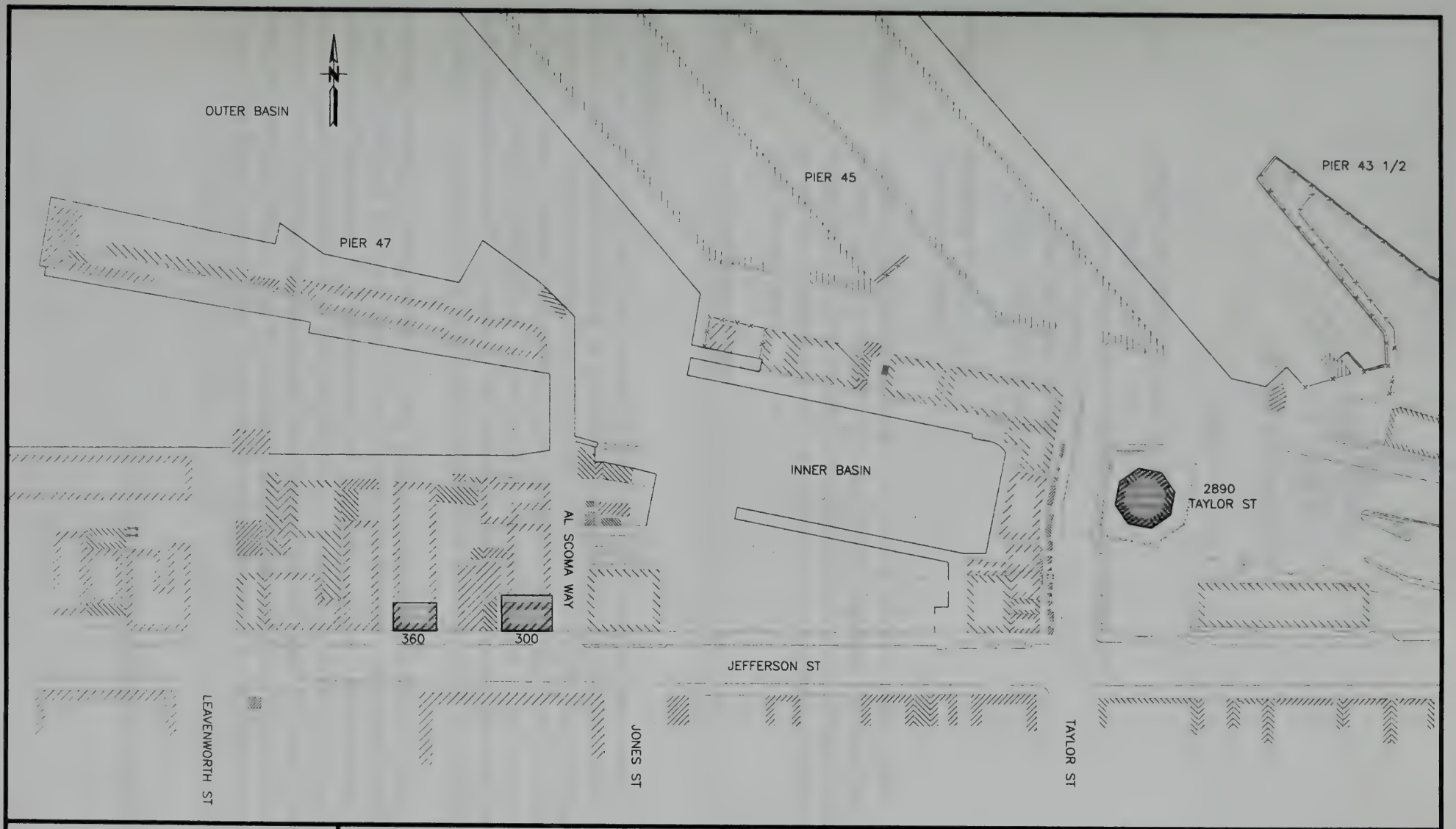
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 9, 2010.

Secretary



	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO PORT — DEPARTMENT OF ENGINEERING	TENANT D&G LLC dba LOU'S PIER 47	DRAWN BY: ECC CHECKED BY: J. BAUER PLACE CODE NO. 4004-LAND1
			DATE: NOV 13, 2008 SCALE: NONE SHEET NO. OF SHEETS

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APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE _____

CHIEF HARBOR ENGINEER

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

PREPARED BY:	CHECKED BY:
DRAWN BY: ECC	DATE:
CONTRACT NO.	SCALE:
DRAWING NO.	SHEET NO. OF SHEETS

PORT OF SAN FRANCISCO

MEMORANDUM

March 2, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of Harbor Traffic Code Amendment to make Article 3, Section 32 (b) consistent with the Port Commission's directive in Resolution 93-128, by clarifying that the Executive Director is authorized by the Port Commission to issue licenses to pedicabs wishing to operate on Port property.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

BACKGROUND

Under the Burton Act and the Charter of the City and County of San Francisco, the Port Commission has responsibility for governing the waterfront properties within the Port's jurisdiction. The Board of Supervisors has delegated authority to the Port Commission to adopt a Harbor Traffic Code (Ordinance Number 40-69). The Port Commission has previously adopted the Harbor Traffic Code to regulate the use of vehicles and impose traffic regulations on Port property. In particular, the Commission has also used this authority to impose restrictions on pedicab activities within the Port's jurisdiction.

Recently, for the first time in many years, an entity operating under the name of San Francisco Pedicab, LLC approached the Port with a request to operate a fleet of ten pedicabs on Port property. This request led to a review of the overall pedicab program and the need for possible changes, as explained in the companion Staff Report dated March 1, 2010, entitled *Informational Presentation Revising and Upgrading Port's Pedicab Licensing Program to Incorporate Current City and Port Requirements and Create One New Queuing Site*. Said Report indicates that it is the intent of Port staff to update the existing Nonexclusive License To Use Property for Pedicabs, restate the

This Print Covers Calendar Item No. 13B

existing pedicab routes/queuing sites, expand the queuing sites to include curb space in front of Pier 33, require all pedicab operators to execute the newly revised Pedicab License, and Amend Article 3 of the Harbor Traffic Code as described in this staff report.

In the course of reviewing the pedicab program, staff noticed that the Harbor Traffic Code is inconsistent with the Port Commission's directive in Resolution 93-128 that authorizes the Executive Director to issue licenses to pedicab operators. Article 3, Section 32(b) of the Harbor Code states that, with respect to pedicabs:

> "It shall be unlawful for the operator of any vehicle to stop or park in a Taxicab or Pedicab stand, except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands and the operators of designated pedicabs to park or stop in pedicab stands."

To make this language consistent with Port Commission Resolution 93-128, this language should be revised to read:

> "It shall be unlawful for the operator of any vehicle to stop or park in a Taxicab or Pedicab stand, except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands; and the Commission, or its designee may, by license, authorize the operators of designated pedicabs to park or stop in pedicab stands."

RECOMMENDATION

Port staff recommends that the Port Commission adopt the attached proposed resolution to amend the Harbor Traffic Code.

Prepared by: Elliott Riley
Senior Commercial Manager

For: Susan Reynolds
Deputy Director, Real Estate

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-15

WHEREAS, the San Francisco Port Commission is charged with governing the properties within the Port's jurisdiction pursuant to the Charter of the City and County of San Francisco; and

WHEREAS, the Board of Supervisors formally delegated authority to the Port Commission to adopt a Harbor Traffic Code pursuant to City and County of San Francisco Ordinance Number 40-69; and

WHEREAS, the Port Commission has previously adopted such Harbor Traffic Code; and

WHEREAS, Article 3 of the Harbor Traffic Code establishes regulations with respect to compliance with signs, stopping, parking and use or occupation of curb space on property within the control and jurisdiction of the Port of San Francisco; and

WHEREAS, recently, for the first time in many years, an entity operating under the name of San Francisco Pedicab, LLC approached the Port with a request to operate a fleet of fifteen pedicabs on Port property and this request led to a review of the overall pedicab program and need for possible change; and

WHEREAS, in the course of reviewing the pedicab program, staff noticed that the Article 3 of Harbor Traffic Code is inconsistent with the Port Commission's directive in Resolution 93-128 with respect to the authorization of pedicabs as described in the attached Staff Report and companion report; and

WHEREAS, Port staff has determined that to make Article 3 of the Harbor Traffic Code consistent with Port Commission Resolution 93-128, this language should be revised to read:

> "It shall be unlawful for the operator of any vehicle to stop or park in a Taxicab or Pedicab stand, except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands; and the Commission, or its designee may, by license, authorize the operators of designated pedicabs to park or stop in pedicab stands."; and now therefore be it

RESOLVED, that Article 3 Section 32 (b) of the existing Harbor Traffic Code is hereby deleted and replaced with the following:

> "It shall be unlawful for the operator of any vehicle to stop or park in a Taxicab or Pedicab stand, except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands; and the Commission, or its designee may, by license, authorize the operators of designated pedicabs to park or stop in pedicab stands."

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 9, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

March 2, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation revising and updating Port's Pedicab Licensing Program to incorporate current City and Port requirements and create one new queuing site.

DIRECTOR'S RECOMMENDATION: For information only – No action required

BACKGROUND

On September 8, 1993, by Resolution No. 93-128, the Port Commission approved a pedicab licensing program to address what was then a contentious issue of unregulated pedicab operation on Port property. Resolution No. 93-128, as amended by Resolution 93-154, provides fees, routes, regulation and other business terms and authorized the Executive Director of the Port to execute license agreements with the existing owners of pedicabs who had Pedicab Permits issued by the San Francisco Police Department. In addition to the terms of the Port license, pedicab operators are subject to regulation under the Harbor Traffic Code, Police Code and other City laws. The Port's program contemplated allowing the forty existing pedicabs to operate on a designated route along the Embarcadero utilizing four queuing stands as follows:

Stand A (NW curb Powell & Jefferson) 4 spaces
Stand B (SW curb Powell & Jefferson) 4 spaces
Stand C (SE curb Taylor & Embarcadero) 4 spaces
Stand D (Pier ½) 4 spaces

This Print Covers Calendar Item No. 13C

Under this program, the Port entered into 4 licenses which allowed the operation of forty pedicabs. The original pedicab stand locations and associated routes were revised on March 21, 2003 to include the following areas as pedicab stands:

(1) The curb on "Little Embarcadero" at Powell north of Pier 39;
(2) Southwest curb of Jefferson at Powell Street;
(3) The curb in front of Pier ½; and
(4) The curb at the intersection of Townsend and the Embarcadero.

See attached Exhibits A 1- 4 and B 1- 2.

There are currently three licensees operating fourteen pedicabs under the Port program.

Recently, for the first time in many years, an entity operating under the name of San Francisco Pedicab, LLC approached the Port with a request to operate a fleet of ten pedicabs on Port property. This request led to a review of the overall pedicab program and need for possible change. Port staff has determined that, in light of the lack of controversy or problems with this program and as long as the maximum number of pedicabs allowed to operate is 40, this program, should continue as an administrative matter under the Executive Director's direction. Staff has updated and revised the existing pedicab license form so it is more consistent with other similar Port licenses and to include all current City and Port requirements.

Staff has also decided to add an additional pedicab stand on the curb in front of Pier 33 (Exhibits A-2) to allow pedicabs to serve the customers utilizing the Pier 35 Cruise Terminal as well as those associated with the Alcatraz Tour operation of Pier 31½. This additional queuing site will provide additional transportation service and create new revenue opportunities for both the pedicab operators and the Port.

The Executive Director will consider the license application by San Francisco Pedicab, LLC and staff will re-issue licenses to existing pedicab owners using the updated form license.

In summary, it is the intent of Port staff to:

A) Update the format of the existing "Nonexclusive License To Use Port Property" for pedicab operations so the License will contain all of the City and Port requirements and accurately reflect current pedicab operations on Port property; and

B) Use this opportunity to restate existing pedicab routes/queuing sites on Port property, and to expand the routes to include one new queuing site on the curb in front of Pier 33; and

C) Require the existing pedicab operator(s) to execute the updated and revised License form if they elect to continue to operate pedicabs on Port property and issue new pedicab licenses where appropriate; and

D) Amend Article 3, Section 32(b) of the Port Commission Amendment of Harbor Traffic Code to make it consistent with Port Commission Resolution Number 93-128 which is referenced in this staff report. This Amendment is clearly described in the companion staff report to the Port Commission dated March 1, 2010 entitled Approval of Harbor Code Amendment to make Article 3 Section 32(b) consistent with the Port Commission's directive in Resolution 93-128.

This presentation is informational and no action is required by the Port Commission.

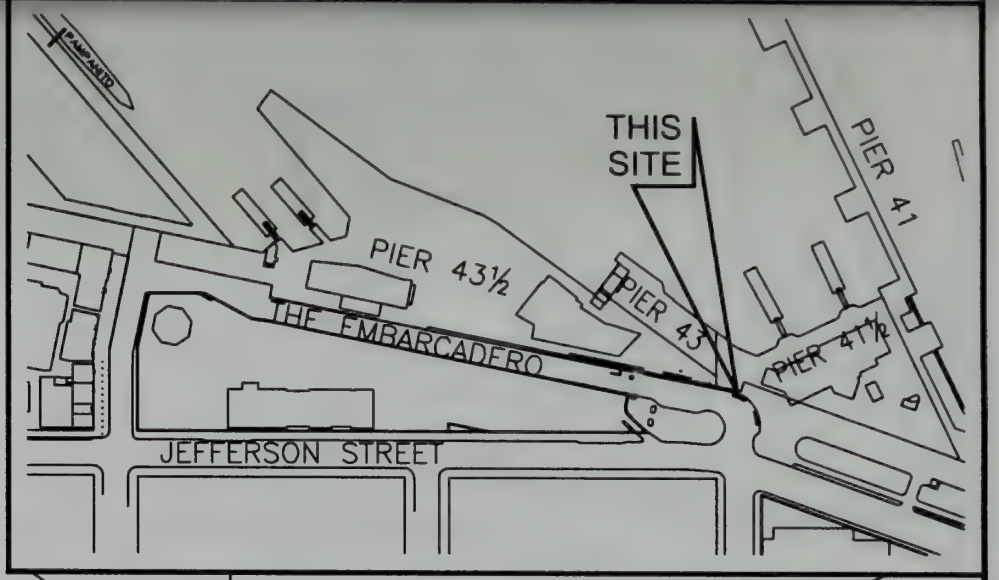
Prepared by: Elliott Riley
Senior Commercial Manager

For: Susan Reynolds
Deputy Director of Real Estate

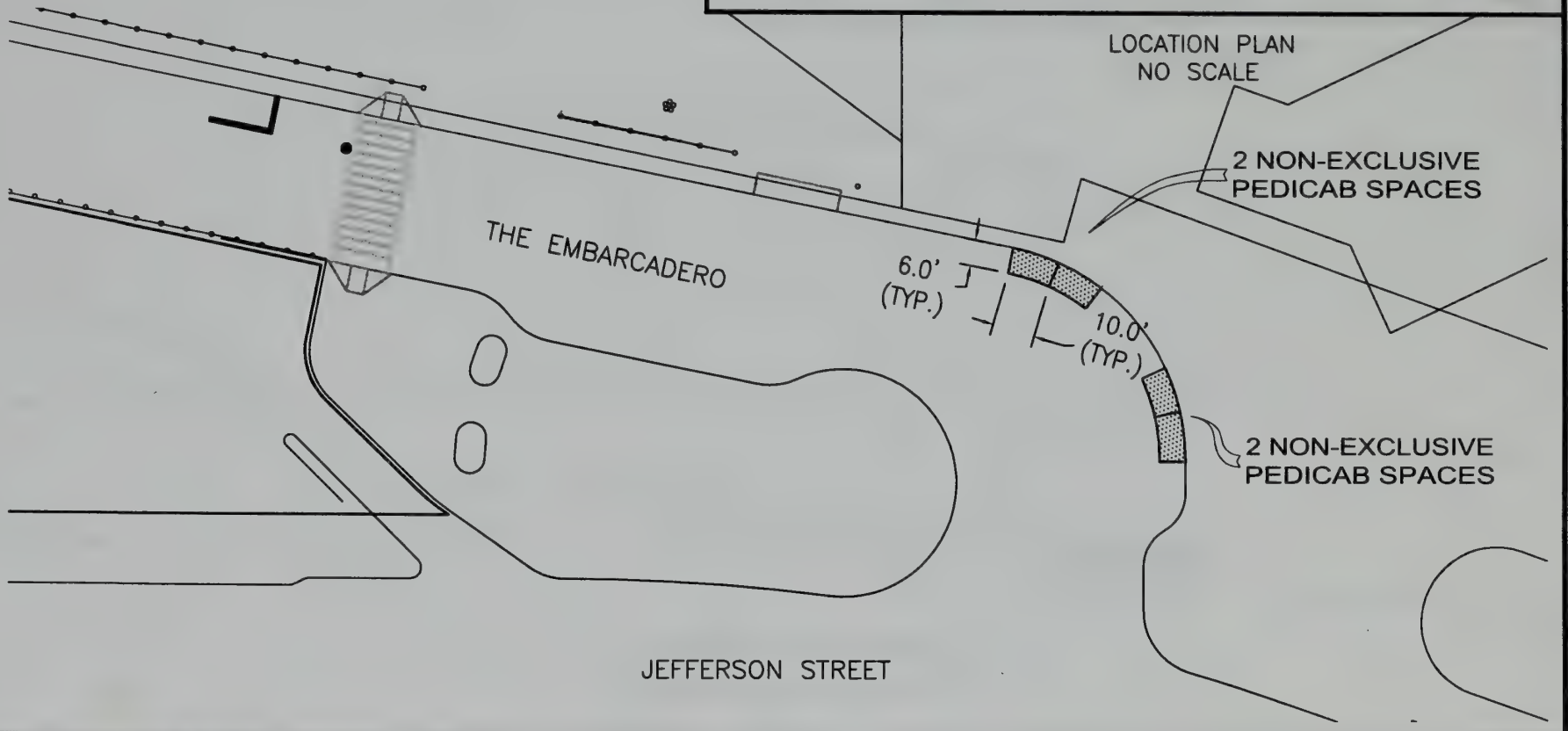
EXHIBIT A-1

INITIALS: PORT: _____ TENANT: _____ DATE: _____

NON–EXCLUSIVE
PEDICAB PARKING
ALONG THE EMBARCADERO
AREA = 256 Sq Ft



LOCATION PLAN
NO SCALE



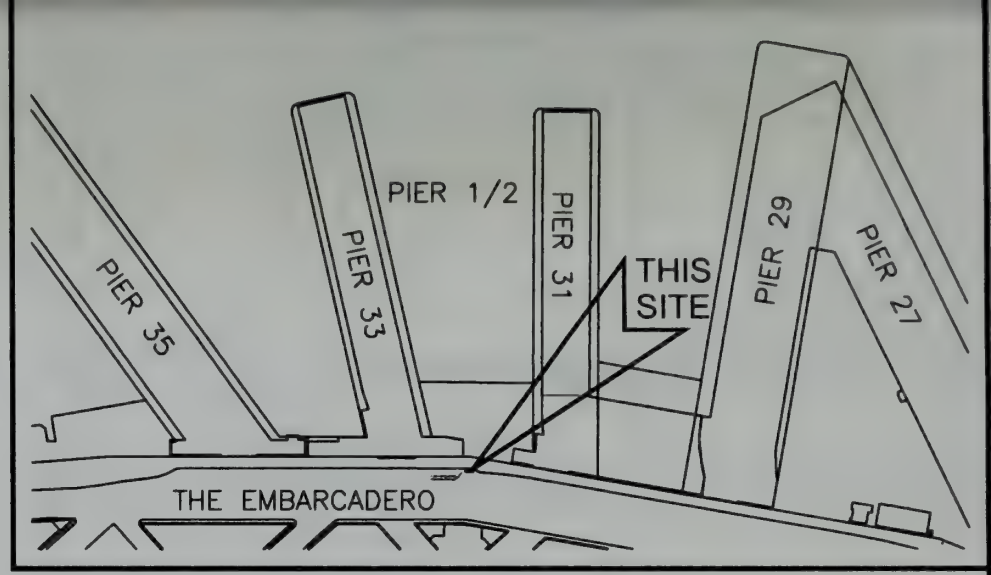
LEASE NO. L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT NON-EXCLUSIVE PEDICAB SPACES	DRAWN BY: ECC, AMN CHECKED BY: E. RILEY PLACE CODE NO. 4008–LAND1	DATE: FEB 26, 2010 SCALE: 1" = 5' SHEET NO. 1 OF 6 SHEETS

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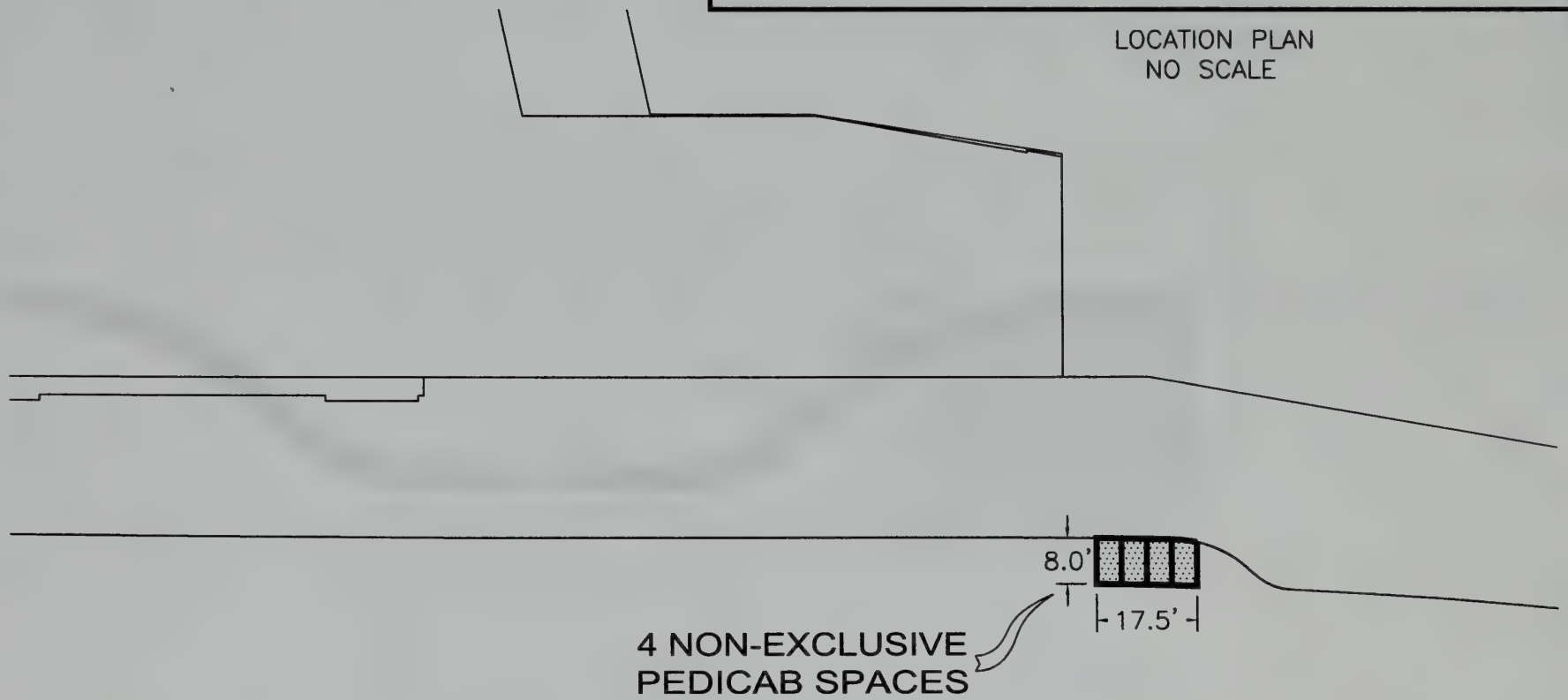
INITIALS: PORT: _____ TENANT: _____ DATE: _____

EXHIBIT A-2

NON–EXCLUSIVE
PEDICAB PARKING
ALONG THE EMBARCADERO
AREA = 140 Sq Ft



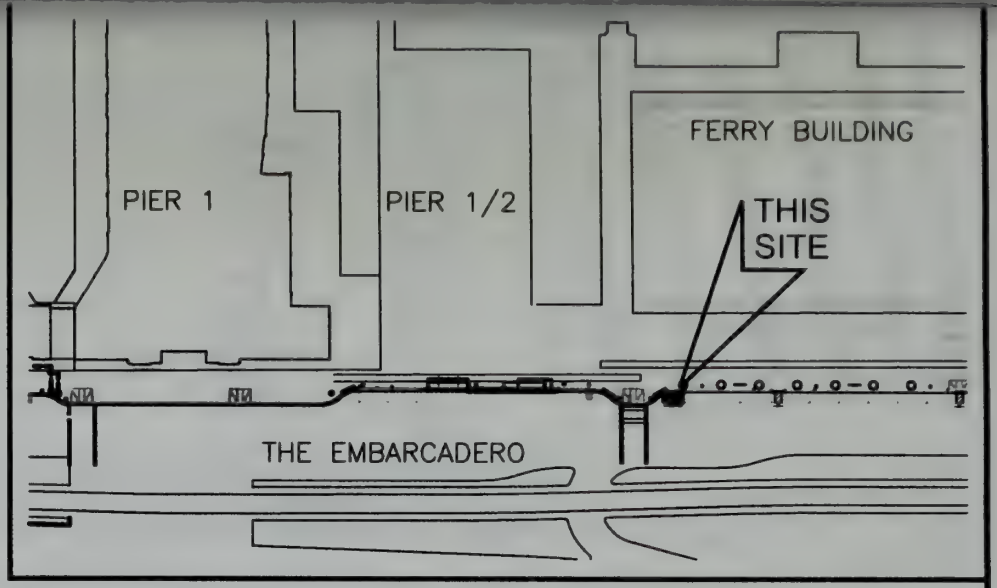
LOCATION PLAN
NO SCALE



LEASE NO.		TENANT			
L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	NON-EXCLUSIVE PEDICAB SPACES	DRAWN BY: ECC, AMN	DATE: FEB 26, 2010	
			CHECKED BY: E. RILEY	SCALE: 1" = 5'	
			PLACE CODE NO. 4014–LAND1	SHEET NO. 2 OF 6 SHEETS	

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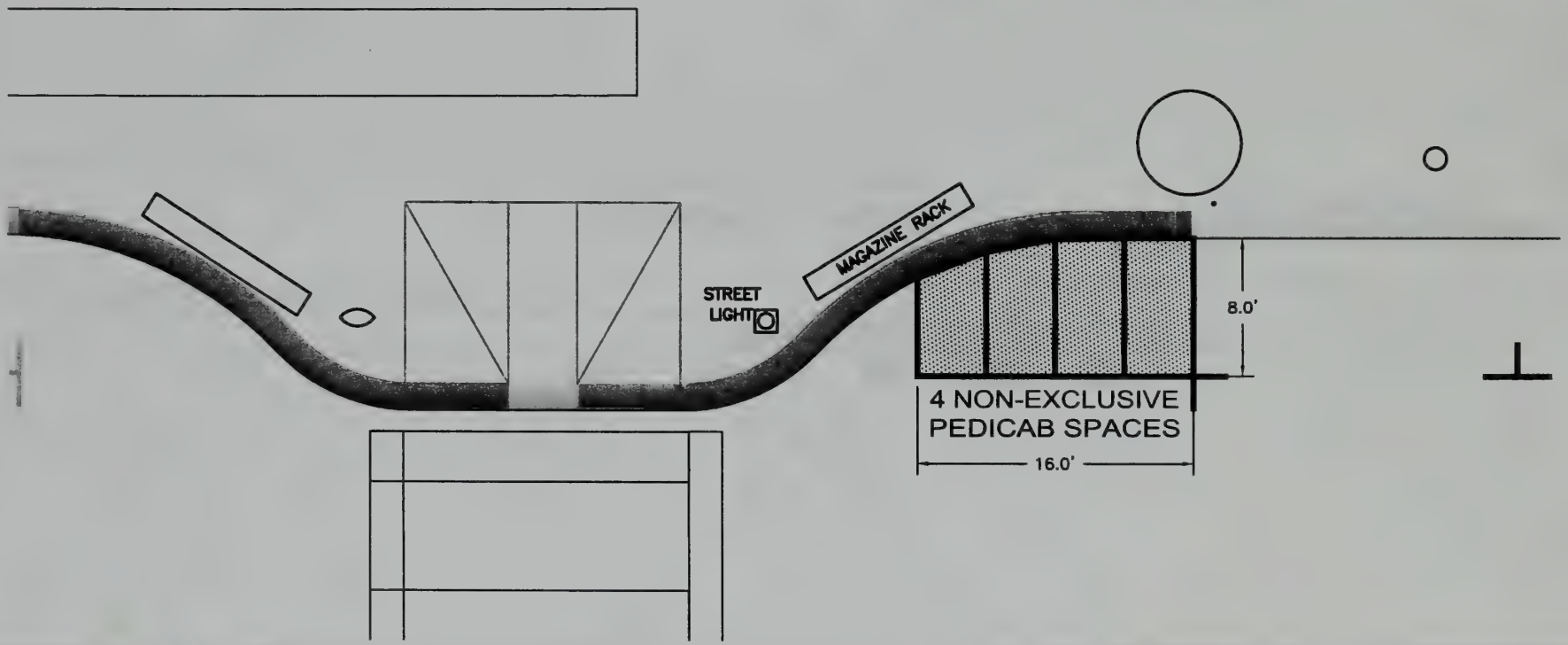
NON–EXCLUSIVE
PEDICAB PARKING
ALONG THE EMBARCADERO
AREA = 120 Sq Ft



LOCATION PLAN
NO SCALE

EXHIBIT A-3

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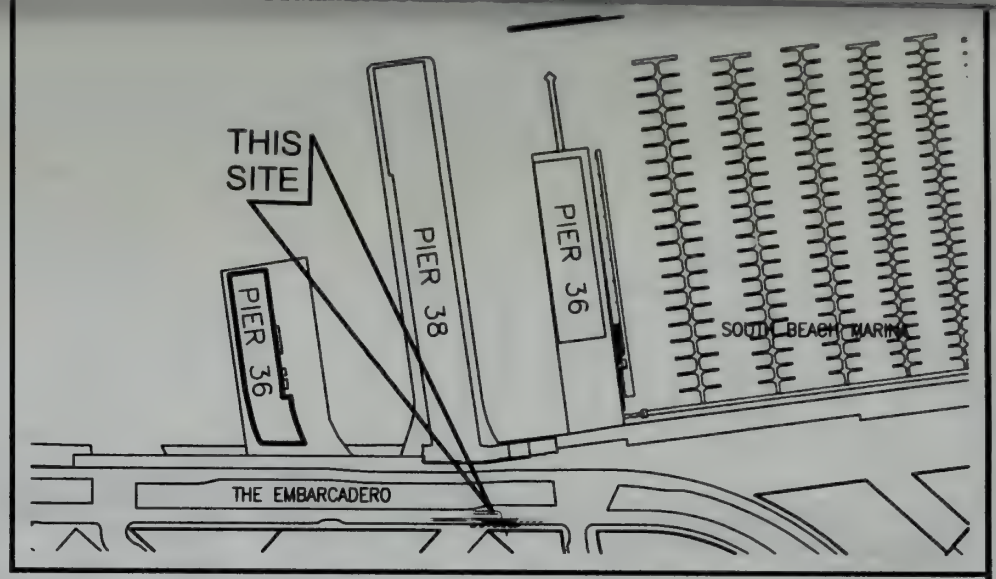
LEASE NO.		TENANT		
L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	NON-EXCLUSIVE PEDICAB SPACES	DRAWN BY: ECC, AMN CHECKED BY: E. RILEY PLACE CODE NO. 4023–LAND1	DATE: FEB 26, 2010 SCALE: 1" = 5' SHEET NO. 3 OF 6 SHEETS

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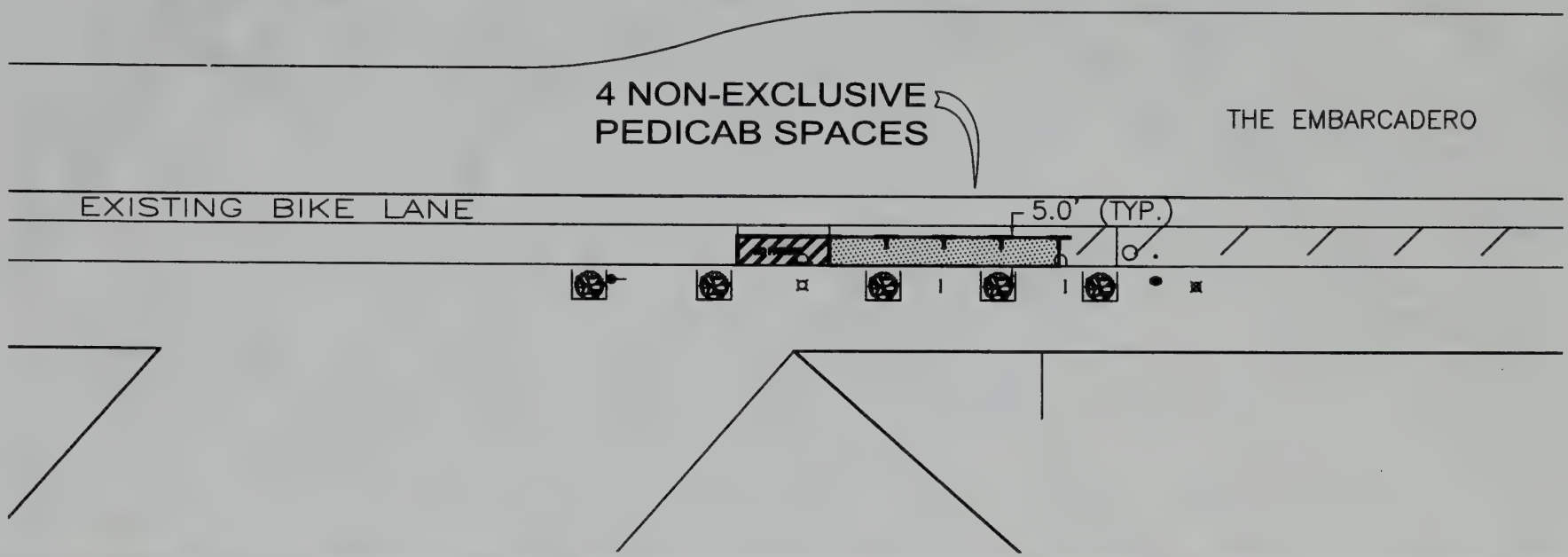
INITIALS: PORT: _____ TENANT: _____ DATE: _____

EXHIBIT A-4

NON–EXCLUSIVE
PEDICAB PARKING
ALONG THE EMBARCADERO
AREA = 200 Sq Ft



LOCATION PLAN
NO SCALE



LEASE NO. L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT NON-EXCLUSIVE PEDICAB SPACES	DRAWN BY: ECC, AMN CHECKED BY: E. RILEY PLACE CODE NO. 4023–LAND1	DATE: FEB 26, 2010 SCALE: 1" = 5' SHEET NO. 1 OF 6 SHEETS

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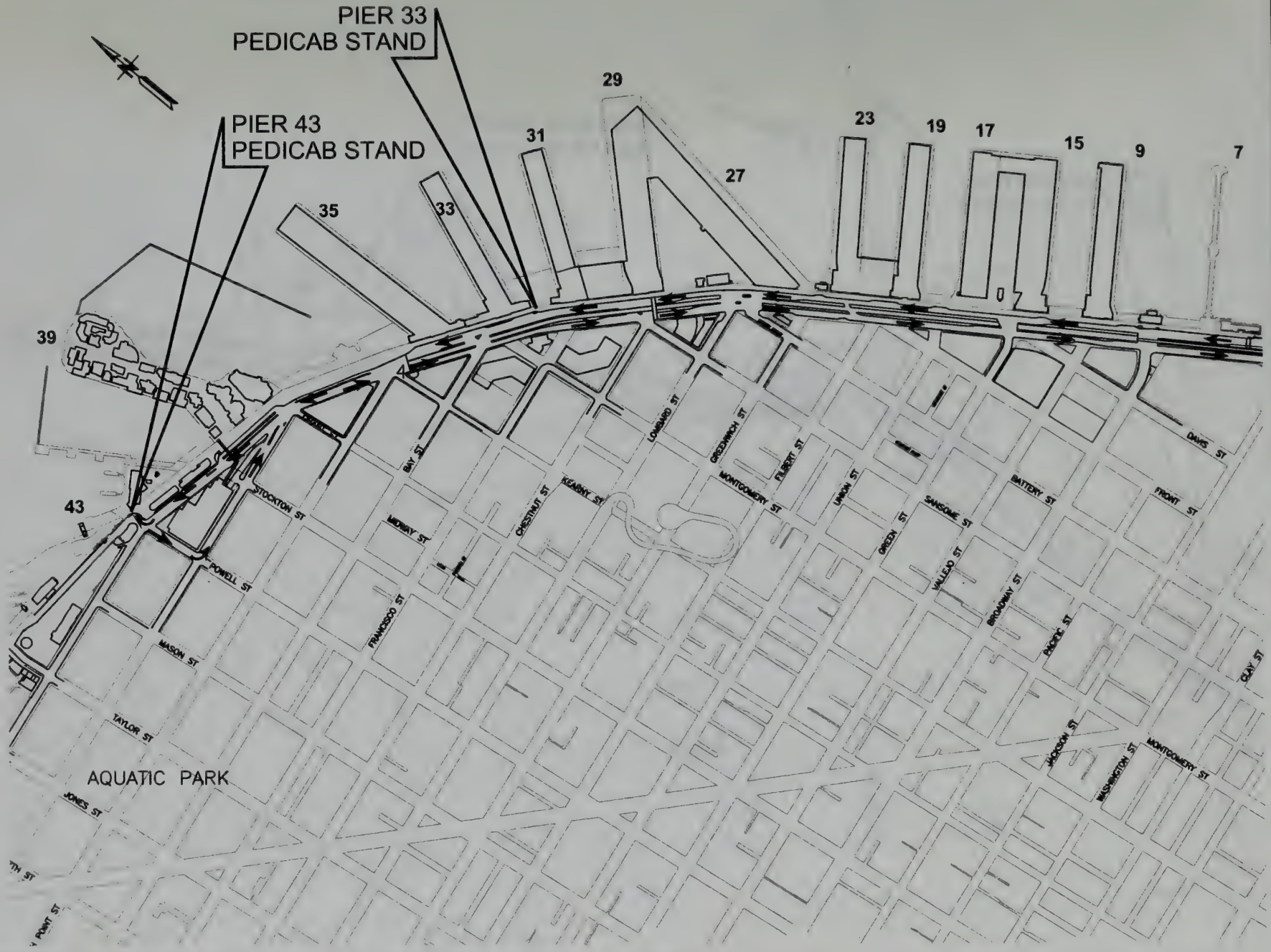
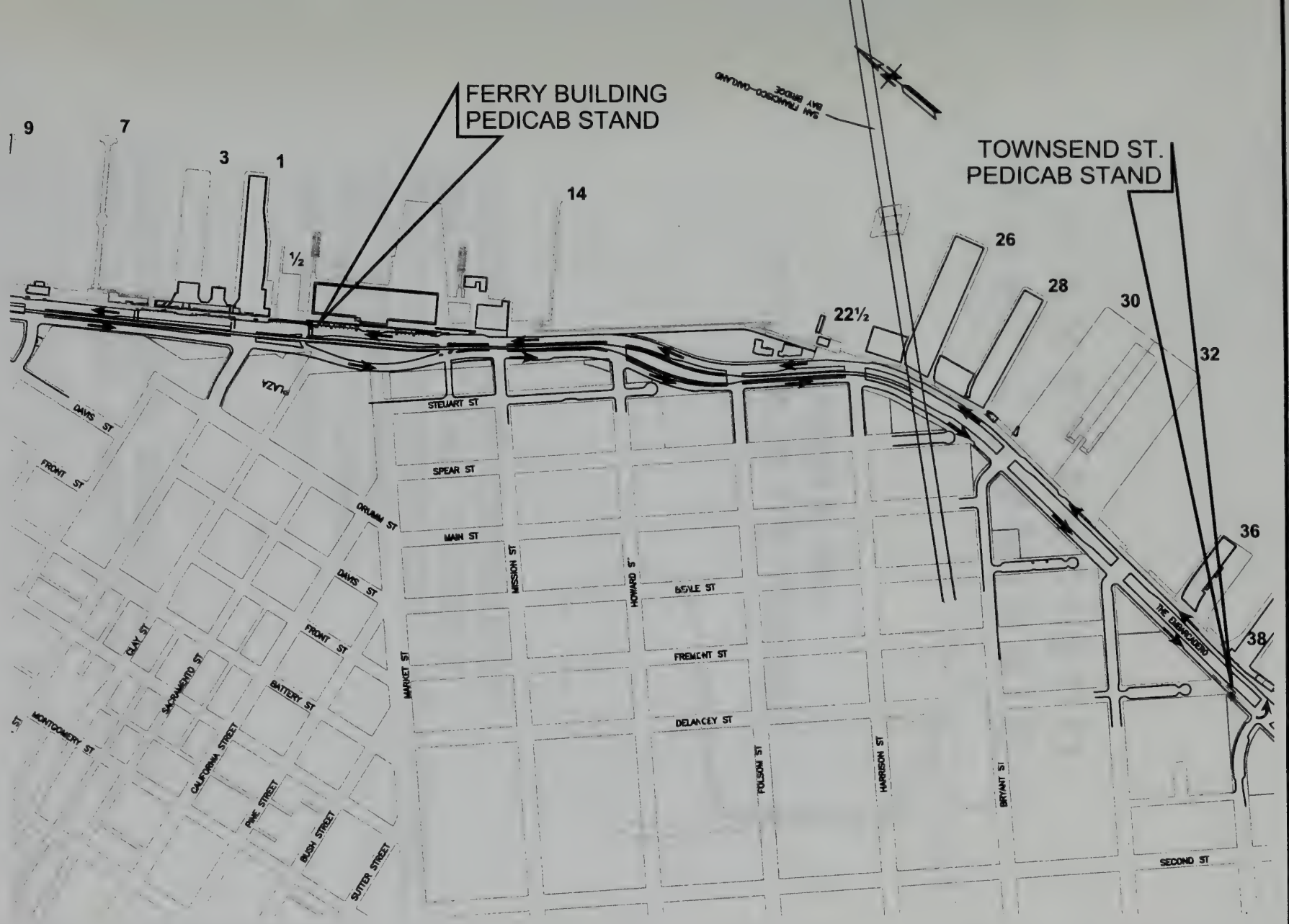


EXHIBIT B-1

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO. L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT	PEDICAB ROUTE NORTHERLY PORTION	DRAWN BY: ECC, AMN CHECKED BY: E. RILEY PLACE CODE NO. 4023–LAND1 DATE: FEB 26, 2010 SCALE: 1" = 5' SHEET NO. 5 OF 6 SHEETS

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INITIALS: PORT: _____ TENANT: _____ DATE: _____

EXHIBIT B-2

LEASE NO. L-14821	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT PEDICAB ROUTE SOUTHERLY PORTION	DRAWN BY: ECC, AMN CHECKED BY: E. RILEY PLACE CODE NO. 4023-LAND1
			DATE: FEB 26, 2010 SCALE: 1" = 1000' SHEET NO. 6 OF 6 SHEETS

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SAN FRANCISCO
PORT COMMISSION

MARCH 9, 2010
MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION
HON. RODNEY FONG, PRESIDENT
HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

GOVERNMENT
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CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MARCH 9, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:00 p.m. The following Commissioners were present: Rodney Fong, Kimberly Brandon, Michael Hardeman and Ann Lazarus. Commissioner Stephanie Shakofsky was not present.

2. APPROVAL OF MINUTES - February 9, 2010

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the February 9, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:03 p.m., the Commission withdrew to executive session to discuss the following:

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

5. RECONVENE IN OPEN SESSION

At 3:17 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon made a motion not to disclose any information discussed in executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS – The Commission Secretary announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report – Executive Director Monique Moyer reported the following:

- Sunday Streets – March 14, 2010 from 10 a.m. to 3 p.m. in Embarcadero starting at Fisherman's Wharf and Pier 39, south to China Basin and Terry Francois Boulevard

March 14, 2010 marks the City's Sunday Streets event kickoff. The Sunday Streets first got initiated by Mayor Gavin Newsom in 2008, initially as an incentive to get people out into the streets in the neighborhoods in a health and active way. The Port property was centrally featured in the inaugural events and it was a major success on both the northern and southern waterfront. Because it was such a success, in 2009 the events expanded into other neighborhoods of the City. Not only will the total number of Sunday Street dates increased for 2010 but also the hours have been extended from 10 a.m. to 3 p.m. The first one kicks off on March 14 at 10 a.m. It will run from the Embarcadero starting at Fisherman's Wharf all the way down to south of the China Basin and Terry Francois Blvd. We're hoping for a very good turnout and for good weather as well.

- Fisherman's Wharf Celebrates San Francisco Sunday Streets on March 14, 2010 from 10 a.m. to 3 p.m. with a Family Fitness Fair in the heart of the Wharf, at Powell & Jefferson Streets

 Related to the Sunday Streets event, Fisherman's Wharf will hold its first inaugural Sunday Streets event. The Family Fitness Fair will run from 10:00 a.m. to 3:00 p.m. It will be held at Powell and Jefferson Streets, in the southeastern area of the triangle parking lot and little Embarcadero. The fair is open to everyone. It is free, and there are lots of great activities.

 There will be pedal-powered amusement rides, where parents will pedal and their children get to enjoy the ride. There will also be a kiddie carousel for the little kids. There will be a rock climbing wall and other kids' fitness activities. Radio Disney will be there from 12:00 to 2:00 in an interactive way. The Fisherman's Wharf Community Benefit District will have a welcome booth, which will promote the wharf. There will be a bike valet program. She encouraged everybody to take advantage of the great Blue Greenway and our pedestrian and bicycle paths and come down to Fisherman's Wharf.

- Honoring the 150th anniversary of the arrival of the Kanrin Maru, the first Japanese ship that sailed to the United States from Japan – March 17, 2010

 On March 17, 2010, Mayor Gavin Newsom, a host committee and the Japanese Consul General, we will be celebrating the 150th anniversary of the first call of a Japanese vessel named Kanrin Maru in San Francisco. This vessel has a very interesting history. It was originally a Dutch vessel and became a Japanese vessel and sailed over with 96 Japanese sailors and one American aboard back in a time when there weren't great interactions between our countries or across the oceans. It arrived in San Francisco on March 17 of 1860, following some very difficult seas. It was originally accompanied by a USS ship which had to turn off in Hawaii for repairs following the voyage. This commemoration of the arrival of the

Kanrin Maru is supported jointly by Mayor Gavin Newsom, the consul general of Japan, Mr. Yasumasa Nagamine, and it celebrates a 150-year connection between the United States and Japan and the roots of the Japanese American community in San Francisco.

She showed a rendering of a plaque that the Kanrin Maru 150th Anniversary Committee is donating to the Port of San Francisco to perpetually mark this great event. Thanks to our Port maritime staff, we will be installing it into the promenade sidewalk at Pier 9, and it will be unveiled at a commemoration event on March 17 with the help of not only the generosity of the anniversary committee but also the support of the San Francisco Bar Pilots and the Port of San Francisco. It's a great honor for us, and it will be a great focal point for all who visit San Francisco.

She added that on May 5, Cinco de Mayo, two Japanese tall ships will be visiting. It will be very important for us. Just as when the Mexican tall ships visited, we will expect to be visited by lots of ex-patriots and Japanese comrades alike to take a look at this historic event.

She thanked the Kanrin Maru 150th Anniversary Committee and the consul general for their generosity in bringing us that plaque, but also in participating in an event to commemorate it.

- Climate Action Plan

The city has created a climate action plan, and each department is participating in a portion of that plan. Similarly to how we participate in the city's capital plan. This year's report is the second annual report submitted thanks to the work and leadership of Rich Berman from our real estate division, but also an incredible number of people. The goal of the climate action plan is to reduce the carbon footprint of both the city and county of San Francisco and the community. This is done by tracking greenhouse gas emissions for energy, water, transportation, fuels, and waste management. This year's report was more analytically driven. In Rich's words, more sophisticated data analysis was performed to measure emissions at all port facilities. Port gardeners provided a detailed street tree inventory of almost 5,000 trees that will allow for documentation of their carbon benefits as well as for improved maintenance. Overall the port is improving its ability to monitor and use electricity efficiently as well as natural gas, water, vehicle fuels, and waste management throughout the Port property. The updates will be done annually. The Commission will be hearing more about this plan as it develops. We're keeping ourselves a step ahead of the regulations that are coming down from the state. She's very proud of the work that's been done and gave kudos to Rich and everybody involved.

Allen Okamoto indicated that Ms. Moyer covered everything that he was going to say. He thanked the Commissioners, Ms. Moyer, staff, and

especially Mr. Mike Nerney for the cooperation that they've given them for helping celebrate this wonderful event. He reiterated that on March 17, there will be a plaque dedication ceremony at Pier 9. Everyone is invited to come.

Kathleen Kimura, chair of the plaque dedication ceremony, indicated that the plaque has been fabricated. It's been picked up by Port staff. It looks absolutely beautiful. It's going to be a wonderful enhancement to the pavement outside Pier 9. On behalf of the Kanrin Maru Committee, she thanked the Commission and Port staff for the support they've received from the port.

President Rodney Fong indicated that the Port looks forward to the ceremony on March 17.

B. Request approval of a resolution congratulating the BMW/Oracle Racing team on their victory and expressing strong support for holding the defense of the 34th America's Cup on the San Francisco Bay. (Resolution No. 10-10)

Monique Moyer indicated that February 14, 2010 was a fantastic day for the U.S. and our friends at BMW Oracle racing and our colleagues and neighbors at the Golden Gate Yacht Club. On that date, there was an incredible Deed of Gift match and by a win of 2-0 the Americas Cup at long last has returned not only to the United States but to San Francisco. We are beaming with pride.

We're extremely proud of all of their amazing talent and dedication and prowess, and with the commission and the staff wanted to recognize that significant event and to ask the Port Commission to adopt a resolution.

She and the commissioners had the privilege of being at the yacht club to welcome the America's Cup back to the United States soil and to San Francisco in particular. If you haven't seen the cup, it is just amazingly stunning. More than just its ornamentation but also its hard not to think about its fantastic maritime history and its status as one of the longest international sporting event. It really is incredible.

She was fortunate to be receiving pictures of it as it was coming through customs since we have friends in customs and border protection. They were all posing happily with the cup. It was pretty amazing.

The resolution before the commission does a couple of things. First and foremost it acknowledges the storied beginnings of the America's Cup race in 1848. It talks about the excitement and difficulty of the competition, and it acknowledges the thrill of victory for the U.S.

If the Commission adopts the resolution, it will be congratulating the BMW Oracle racing team for their incredible win and resolving to work diligently with the port and with Mayor Gavin Newsom and the entire city family to secure

San Francisco as the host city for the defense of the 34th. The commission will be requesting, belatedly, that the Port staff send letters to the Golden Gate Yacht Club and the BMW Oracle racing team expressing our congratulations and excitement.

There is one small typo in the resolution. It occurs at the first whereas at the top of the second page, on the third line. The word literary needs to be literally.

As part of the item today, we'd also like to present plaques to the club and the team as well as a medal, the Order of Maritime Merit. Mayor Gavin Newsom was hoping he could join us today but he couldn't make it. He is incredibly proud of the Golden Gate Yacht Club and BMW Oracle Racing's victory. Mayor Newsom is extremely articulate about the magnitude and prestige and complexity of the race and looks forward to an exciting defense of the 34th in San Francisco Bay. He is a staunch supporter of the event and of hosting the event in San Francisco. He's had the great fortune of meeting with Mr. Ellison and his team both one on one and when the cup was on display at City Hall. Kyri McClellan is here from the mayor's office and would like to say a few words. Likewise Board of Supervisors President David Chu wanted to be here today, but as you know he is concurrently chairing the Board of Supervisors meeting at City Hall. He asked her to add his congratulations to the team and to the club for a race well fought and masterfully won, and he also would like to add his support for bringing the defense of the 34th to San Francisco.

Joe D'Alessandro from the Convention and Visitors Bureau sends his congratulations and best wishes and apologizes for not being able to be here today. We're joined by representatives from the Bay Area Council, and the Golden Gate Restaurant Association.

She introduced Commodore Marcus Young from the Golden Gate Yacht Club. He's been a commodore since 2006. Commodore Young is the vice president of the Jeffrey Scott Agency, an agency which specializes in strategic marketing, advertising, and public information. It seems incredibly opportunistic that he is the commodore at this particular time with all the great things that he's already done in promoting the America's Cup and its significance and can do attitude. It's very good fortune for all of us. She congratulated him on being the perfect commodore at the perfect time. He's been very busy probably more on his America's Cup yacht club duties than on his regular duties. He's already confirmed Club Nautico de Roma as the challenger of record for the defense of the 34th.

She also introduced Melinda Ekerlens, a board member of the Golden Gate Yacht Club, an accomplished local sailor, and serves as Oracle Racing Team's legal counsel which is no small job. She advises on legal and rules issues, and as you may know the Deed of Gift two pages long was written in

1887 and clearly, Melinda's expertise was fundamental in how the race was raced and hopefully and how it is won. So it's a very important job.

She's her hero because as she saw on the Internet it only took her one try to break a bottle on a vessel. It took her three as we all know thanks to the Chronicle. So kudos to Melinda as well.

Melinda's job requires the perspective of a historian, the experience of a sailor, the practicality of an accountant, a politician's skills, and the cunning of James Bond. She helped draft provisions outlawing spying, including a clause forbidding helicopters from looking down on the yachts and taking pictures. It sounds like she has an incredible job.

President Rodney Fong read the inscription on the plaque and presented it to Commander Young: "San Francisco Golden Gate Yacht Club congratulations SFGGYC and Oracle BMW Racing for winning the America's Cup. Port of San Francisco, March 2010."

President Rodney Fong read the inscription on the plaque and presented it to Melinda Ekerlens: "To BMW Oracle Racing Team. Congratulations for winning the 33rd America's Cup. Port of San Francisco, March 2010."

Peter Dailey presented a gift from the Port to the team and to the club. They are called the Order of Maritime Merit, which date back to the Port of San Francisco back to the early 1960s when then-Port Commissioner Cyril Magnin determined that the port needed some sort of special award for maritime merit. It's patterned after the French government's Order of Maritime Merit. It looks almost identical except for instead of the Eiffel Tower it has the Ferry Building on it. Nonetheless, if you look at the list of luminaries that have been awarded this over the years, it's pretty compelling. Everyone from Charles de Gaulle to Richard Nixon even got one of these things.

It is heartfelt from the Port that these awards are given to the Golden Gate Yacht Club and to the Oracle BMW team. They have a lot of history to them; they have a lot of meaning to them, and they mean a lot to us. On behalf of the Port staff and the maritime community of San Francisco, we proudly give these to both the Golden Gate Yacht Club and the BMW Oracle team.

Timothy Dick showed a quick study on the economics of the benefits and job creation of the America's Cup in San Francisco. 150 years, six cities - there's a historic opportunity upon us, but it's a competitive opportunity with other cities in the United States that would like to have the America's Cup visit them. America's Cup San Francisco is a big and achievable economic opportunity, likely to create over a billion dollars of economic benefit and over 20,000 jobs in the near term. These are net economic benefits of costs. Historically over the past three America's Cups, the net economic benefit has been $4.7 billion created between the cities of Auckland and Valencia in Spain. Unlike the Olympics, the America's Cup is a multi-year, multi-venue

sport that takes weeks and months to accomplish. This is not a two-week flash in the pan. Also unlike the Olympics the teams and the organizers pay rent and other activities within the economic opportunities. This is a net economic benefit. It capitalizes on the Port of San Francisco's existing infrastructure, much of which is in place today and much of which is in the planning stages for upgrades suitable for America's Cup. The Bay is a proven venue for sporting events like this; it hosts dozens of regattas every year, each of which often occupies over 100 vessels. The bottom line is that when we look at the teams that are invited from Africa, Asia, Europe and Oceania; we look at the numbers of dollars and jobs that are created from these opportunities -- $4.7 billion in the past three Cups; larger in Valencia because they decided to build a new port basin, but conservatively at least a half billion in economic benefit and more like a billion, tens of thousands of jobs and good-paying professions. This is an ideal opportunity for San Francisco.

Kim von Blohn, port project manager, naval architect, and Bay Area sailor, indicated that he was looking at the 20,000 job projection thinking we have 15,000 people looking for work soon. As Timothy said, this event could create a windfall of jobs and economic benefits for San Francisco at a time when we can certainly use those. The Port has facilities that could be readily adapted to this use. We have Piers 30, 32, 48 and possibly Pier 80. There may be other opportunities as well. We could celebrate our 150th anniversary if this timing comes out to 2013. He does not know if the timing has been set yet but what a great way to celebrate our 150-year anniversary. Let's cut the sticky red tape and roll out the red carpet.

George Broder wearing a couple hats as a San Franciscan since 1985 and neighbor of Commissioner Hardeman since 1994, indicated that he is representing Bay Area Council. Jim Wunderman, President of the Bay Area Council, couldn't be here. The Bay Area Council has been around since 1945, founded by the CEOs and civic leaders coming out of World War II to prepare and help lead this region in that post-World War II era. Currently there are about 250 member companies that represent the largest employers of the Bay Area. The total of worldwide employees is about 4.4 million employees with net worldwide global revenues of almost $2 trillion. Historically the Bay Area Council was the group in 1945-46 that helped lead to the holding and staging of the first UN meeting in San Francisco until New York grabbed it away from us. It was the Bay Area Council historically that led the discussions and studies that led to the legislation that ultimately delivered the BART -- Bay Area Rapid Transit System. More recently, Bay Area Council was the business public policy group in Sacramento that was at the table -- one of the very few business groups that helped lead to the establishment of AB 32, the greenhouse gas emissions legislation. Bay Area Council works closely with the Port of San Francisco on state-specific legislation and they participate in D.C. trips of the Bay Area Council where we go back and mutually press for the agenda of the region.

He's also representing Bay Area Sports Organizing Committee (BASOC) - not quite as old as the Bay Area Council. BASOC has been around since 1987. It has participated in two of the last three Olympics bids -- led two; supported the third.

Over the years they helped bring, bid, stage the 1992 World Figure Skating Championship, the 1994 World Cup and the 1999 Women's World Cup. They have some experience in the excitement that a major sporting event can bring -- the economic impact and the unifying abilities and the inspiration for youth.

Without a doubt, this is a very important resolution that the Commission has have adopted today. The first significant, formal statement of support and signal that the Port is sending to BMW Oracle Racing that the city government is officially embracing it and the professional staff now have the sanction to know that they were doing the right thing and have your full blessing to do everything they can.

Golden Gate Yacht Club is an outstanding tenant of the Rec Park Department and Rec Park Commission, but clearly when the mayor's office decides it's time to broaden the outreach this is the logical partner and point of the spear -- tip of the spear -- city agency to lead this effort.

The Bay Area Council, BASOC, the Chamber of Commerce, the Convention and Visitors Bureau are ready, when the time comes. We have to convince Mr. Ellison and the team to stage this here, and we're ready to participate when the time comes.

Simon Snellgrove indicated that he started watching the America's Cup in 1962, when he was then an Australian. In 1962, Australia had the audacity to beat Britain for the honor of challenging America. He's very enthusiastic about the America's Cup. They've done some research on the economic impact of this program, which he will send to the Port. He worries that in San Francisco we're so blasé about sailing that we don't even make the newspaper when we have an America's Cup race here. This is probably the greatest venue that a sailor could ever have to race the America's Cup. It's flat seas, big winds, and for the public it's the greatest place to view an America's Cup because of the hills around it whereas normally it's sailed out to see and nobody can see it. The numbers from Valencia are huge. The Institute of Economic Research in Valencia has done a report which he's going to make available to the Port which cites $5.7 billion invested in the America's Cup and surrounding facilities. They had an economic benefit of $2.7 billion. New Zealand had a $640 million net benefit, which Ernst and Young's report indicated. As a humble tenant of the Port and a property developer on the waterfront, he thinks this is the greatest single opportunity to fix our infrastructure problems since Executive Director Moyer's bond measures. This is the real deal. This is the sort of thing that could be staged on Pier 30-32, spend $100 million on the foundations, and sell them to a developer after the America's Cup and get all your money back and the lot. They will support the Port in any way they can.

They're a private developer. They want to make all of the facilities and the expertise available to the Port and City to help the Port staff and any sort of engineering studies or anything they can do. This is a perfect opportunity for private, public enterprise. The main thing is to convince Mr. Ellison to have the Cup here, and we should put no bureaucratic hurdle in their way. We should send the message to the mayor's office and the Board of Supervisors that this is something that the whole city should get behind.

Melinda Ekerlens thanked the Port for the honor bestowed on the team, and the yacht club. They're thrilled to have won, obviously, and as a San Francisco Bay Area resident, she's thrilled at the possibility that we could have the America's Cup here. They're doing due diligence to see if it can work here and they're hopeful. This is their first choice. There are a lot of good possibilities; she's hopeful that they can work it out.

Commodore Marcus Young indicated that it's been quite a whirlwind over the last few weeks. The amount of support that's coming from the city and especially from the Port has been tremendous. He was trying to think of what to say today, and he was reminded that while they were in Spain celebrating a victory, the Port was also celebrating a bit of a victory of its own that same week. It was the christening of a new pilot boat. They were trying to figure out what they could do to honor that, so they have brought a burgee from the Golden Gate Yacht Club that can be placed on the boat. He gave it to Monique so she can have that and show it with pride. He thanked the Port Commission and staff for all their support and for the public support as well.

Kyri McClellan, on behalf of Mayor Newsom and the Economic and Work Force Development office, thanked Monique Moyer as well as her staff. They've been phenomenal. In the last month we have poured many resources into the effort not only recognizing this huge achievement but also laying the groundwork as the mayor has set forth for us to work with the BMW Oracle Racing Team and welcome the opportunity to work with Melinda. We have had an outpouring of support. The folks who have spoken today have laid out clearly some of the benefits, but wanted to assure that their office and the mayor are engaged in this. She wants to work with the port. We've already done a number of things and will continue to work with the staff. They've been extremely helpful. We are gathering support from the community. Her phone rings daily sure yours do with expressions of interest, ideas, ways to be helpful, and we're cataloguing all of that and want to work with the communities and the clubs. We're working with Bay Area Council. We're working with CVB. We're working with BCDC. We are working with the Coastal Commission. We're having conversations with our state and federal delegation. There aren't many folks that we haven't already begun the conversation with. She thanked the Commission for passing the resolution. It's another helpful tool.

Patricia Breslin, Hotel Council of San Francisco, offered her support and congratulations on passing the resolution, and also to BMW Oracle and to the

Golden Gate Yacht Club. She was there the night that the Cup came to the Golden Gate Yacht Club, and the excitement in the air was just amazing. She can't wait to see it spread through the whole city. Speaking on behalf of the Hotel Council, we are more than happy to share the stage to have another economic engine in this city, and we'll do anything we can to help that happen.

Commissioner Michael Hardeman indicated that he was so excited. He was elated that the Golden Gate Yacht Club was able to squeeze in this Commission to celebrate when the Cup was brought in that Friday evening. It was just like seeing a Super Bowl victory or a World Series or a gold medal at the Olympics. He was standing on the hearth of the fireplace when they brought it in. He could have touched it, but thought it would be uncool. He was positioned very nicely. He's worked with George. He will work harder on trying to get labor involved more than we usually do. He will volunteer whatever time is necessary. He agreed with all the speakers. This is incomparable to almost anything we could do. It's bigger than a World Series, bigger than the Super Bowl or the Olympics. He's very excited about this opportunity. As far as Larry Ellison, and he's grateful to BMW, too, if he isn't a San Francisco icon he doesn't know who is. He brings in the biggest revenue stream to the City when he has his show here for Oracle, hires the best professionals, puts on these wonderful events, has all these hotel rooms filled, when he could go down to Las Vegas and get it for about half price. To him, he is a real Bay Area, San Francisco icon. Everybody who lives here like he does and that loves the Bay Area should just put out every effort. We should throw out the red carpet, whatever we legally can do, financially, or whatever, to encourage him to keep it here. He has a friend who knows commodores in San Diego and Rhode Island. They have both set up commissions already to try and steal this away from us. So we can't have that. They've thrown down the gauntlet, so we have to take the challenge. He thanked the Golden Gate Yacht Club. We should pass on to Mr. Ellison that we're ready to do whatever we need to do to keep the America's Cup here, and especially on our property.

Commissioner Kimberly Brandon echoed Commissioner Hardeman's comments. Unfortunately she was not able to participate in the festivities, so she's extremely jealous that she missed that opportunity. She looks forward to 2013 when it happens all over again.

Commissioner Ann Lazarus added her thanks to all of them for the glory that they have bestowed upon this city. As we all know, there are very few things about which most San Franciscans agree, but there certainly seems to be consensus that we should go all out to have this event here. The enthusiasm is so widespread it's sort of amazing. She added that it's at a time like this that we can feel particularly proud about the port and the staff, because they are a can-do group. If anybody can help make it happen, it's our staff and the port.

President Rodney Fong congratulated the team and indicated that from the Port of San Francisco and the city, we totally get the economic impact that it can have. He plays a dual role and he's currently the chair of the Convention and Visitor's Bureau. From the marketing perspective of what this can do over a long period of time to San Francisco and the value of the Golden Gate Bridge and these great boats coming underneath it, would be fantastic. From the port side, from the convention and visitor's bureau side, he knows that port staff is excited about it. Let us know what we can do.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 10-10 was adopted.

8. CONSENT

A. Request approval of the Port's $38.5 Million Biennial Capital Project Budget for Fiscal Years 2010-11 and 2011-12. (Resolution No. 10-08)

B. Request approval of the Port's 10-Year Capital Plan for Fiscal Years 2011-20 Update. (Resolution No. 10-09)

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution Nos. 10-08 & 10-09 were adopted.

9. FINANCE AND ADMINISTRATION

A. Request approval of the Port's Biennial Operating Budget for Fiscal Years 2010-11 and 2011-12. (Resolution No. 10-07)

Andres Acevedo, budget manager, indicated that since this item was last presented to the Port Commission, there have been significant changes to the budget. First, the numbers do not reflect the new, proposed, shorter employee hours. After we had submitted the commission package that actually came to public fruition, so these numbers don't reflect that. During the budget process, these numbers will constantly change until it gets to the Board of Supervisors. The controller's office is often refining salary information and primarily looking at adjustments to the fringe benefit costs. Some of those changes are actually reflected in this report.

The voters in November 2009 passed Proposition A, which among other things mandated a two-year budget. Unlike some other cities, we're going to be doing a rolling two-year budget. We're not going to pass a two-year budget and then come back two years from now and do another one. We're going to be doing this in an annual process, but it will always be a two-year budget so it gives us a chance to update and refine that second year as we go along.

The Port, PUC and the airport are kind of the guinea pigs for this. We're doing it this year, and then next year the rest of the city will be adopting a two-year budget.

Starting with revenues, in FY 2010-11, revenues are budgeted to be $66,897,300, an increase of $3 million or 4.7 percent over the prior fiscal year. This is down by about $740,000 from when this item was presented at the last commission meeting. Primarily those reductions were made in rent and percentage rent. We took another look at how the rent trends have been going and felt a little more comfortable taking some of those numbers down a little bit.

The growth we've been seeing has been in commercial rent and parking revenue over the prior year. In 2011-12, revenue is budgeted to be $69,348,300, a 4 percent increase over the 2010-11 budget. Some of the big increases were harbor services revenue, primarily because of the new lease with the SF Bar Pilots where we deferred the rent increase for a year. Interest on investments is also projected to go up by 30 percent, which would be a 0.5 percent increase in the interest rate we get.

In the 2010-11 biannual budget, expenses would be $66,390,658, which is about $2.6 million or 4.2 percent above the current year's numbers. Those are primarily salary and mandatory fringe benefits going up 4.7 percent. They will actually go up less than that because of the proposal to reduce the workweek, which save the Port about $1.2 million. That's just the salary costs; that doesn't reflect the reduction in fringe, which are a little harder to calculate because some of the fringe is based on salary and some is just based on the position, the full time employee. When the controller starts putting the numbers together and fleshing that out we'll have better numbers on that.

Fringe benefit costs are being impacted by both the city's retirement costs, which we projected at least under the old numbers to go up 43 percent, and health insurance going up 10 percent. It's going to be more like 12 percent. That's the latest numbers from the controller's office.

The other big increases are in professional services costs. About half that cost, other current expenses are going up $1.3 million. The big one is professional service costs primarily because the results of the terminal management agreement for Pier 80.

In the past, we've been taking that as a credit against revenue. The controller's office has asked us to reflect that as an expense. So the revenue side will go up and the expense side will go up, and it will be basically a zero sum gain there.

Service of other departments - our work orders are going up by 5.6 percent. $848,000. Half of that is the fireboat cost - about $440,000 or almost 16

percent increase, primarily labor costs. We also have additional money for the dry docking of the Guardian.

In FY 2011-12 expenses are increased about 2 percent or $1.3 million, primarily salary and mandatory fringe benefits are driving those costs up. They're expecting retirement costs to go up by another 22 percent and health insurance to go up another 10 percent.

The annual projects will decrease by about $1.3 million because we have a significant number of IT projects in the 2010-11 budget and those projects will be completed in that year. That's why it's dropping in the 2011-12.

We have some staffing changes. An accounting position is being reclassed to a senior administrative analyst based on the level of work. Maintenance division is getting one position in 2010-11, a sheet metal worker, and another new position in 2011-12, a gardener. That's in anticipation of the results of the park bond money, having more parks and more gardening work out in the Port. Engineering division in the 2010-11 budget is requesting the reclassification of a senior building inspector to chief building inspector based on the work that the incumbent is currently doing. They're functioning as a chief building inspector and it's appropriate that they be classified as such. We are reassigning an 1824 principal administrative analyst from the finance division to the executive division.

Given what we now know about the salary situation, Commissioner Lazarus inquired if it would be wise to factor that into what we put forward or is it better, given that there are changes that take place down the road, to gauge that impact later on.

Andres Acevedo replied that we will be bringing the budget back to the Commission after it goes through the budget process approval. It would be up to the Commission if they would like to see the budget again but these numbers are going to be continuously changing throughout. We don't have control of it now since we submitted it to the mayor last week.

Commissioner Brandon asked about the proposal of shorter workweeks and how that will affect port staff.

Andres Acevedo replied that the mayor has instituted a policy across the board, except the public safety workers, that all city employees will be laid off as of May 8. The vast majority of employees will be offered re-employment as part-time employees at 37.5 hours per week. That was designed because that is the minimum to allow employees to maintain full benefits in terms of both health and pension benefits. That is going to save the city on the General Fund about $50 million, and another $50 million on the non-General Fund departments. What we've been told by the mayor's office is that they expect about a $50 million savings on the General Fund. We're not a General Fund department, but this has been implemented citywide with the exception of the

public safety and a few small units such as the city attorneys because of some language in their contract.

Ms. Moyer indicated that to complete the process, the vast majority of the city employees will be hired back before the May 8 effective date as part-time workers. Employees are deemed to have applied for their existing positions and the goal is in the next 60 days to get that taken care of. It's hard to predict. It affects the Port but we're not driving the train. We're not one of the departments that have the budget shortfall. With respect to the Port specifically, all but the two chartered positions in the Port, which is the executive director and the chief harbor engineer's, have been laid off. The mayor has asked the chartered positions to donate 10 percent of their salaries after tax to the General Fund as they did the first year she became the Port Director. His staff is doing that as well. The Port budget contains the same number of positions for May 8 as it does today. We expect all of those positions to be filled back. Whether they will be filled back as part-time workers at 37.5 hours really is going to depend on the bargaining discussions, but she's not privy to that so it's hard to speculate exactly what will happen. Port staff, to their credit, are obviously very concerned and worried and it's very difficult, but they take their duty to the Port very seriously and so far it has not affected our ability to get our work done. The 37.5 hour work week will have an impact, but we hope to be able to work through it.

Commissioner Brandon asked if everyone has been laid off at this point.

Ms. Moyer replied that everyone has received layoff notices with an effective date of midnight May 7. It's her hope that everyone will be reappointed or reassigned to their positions by the May 8 date at the Port. There will be layoffs in other city departments that could affect seniority status at the Port and could cause bumping, but she expects to have the same number of positions in the 2010-11 budget as we have in the 2009-10 budget, subject to the mayor and the Board of Supervisors, but as presented it to the mayor it's the same number of positions, plus one.

Commissioner Brandon indicated that we won't know what exactly is going to happen until May 8.

Ms. Moyer confirmed that we won't know what's going to happen until then. The Department of Human Resources is hoping that they can move quickly and some classifications will probably be reappointed faster than others. In totality, we don't know how long it will take but their goal is to be done by May 8.

Commissioner Brandon asked what we are going to do with the money we're saving.

Ms. Moyer replied that whatever the board tells us is usually what happens but it'll be a negotiation, no doubt.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 10-07 was adopted.

10. MARITIME

A. Informational presentation regarding Environmental Investigations and Interim Remedial Measures conducted by Pacific Gas & Electric, Inc., in the vicinity of the Potrero Power Plant, south of Pier 70.

Jay Ach, manager of environmental and regulatory affairs for the maritime division at the Port and the Port's project manager for the Potrero Power Plant issue, indicated that representatives from PG&E and the regional water quality control board are also present to give an update on the progress made at the Potrero power plant site within the last year.

As the Commission may recall from a presentation just about a year ago, there exists at the Potrero power plant contamination from a former manufactured gas plant at the site. It concerns a group of chemicals called PAHs or polyaromatic hydrocarbons that were generated from waste products produced at that plant. That plant operated from the late 1800s to about 1930 and was demolished to make way for the present Potrero power plant.

Port staff and PG&E briefed the Commission last April following a couple of meetings facilitated by the mayor's office. The results of these meetings at the mayor's office was a commitment by PG&E to accelerate the investigation and cleanup at the Potrero power plant site. PG&E has made tremendous progress in those efforts.

Darrell Klingman from PG&E will provide a more detailed report on exactly what PG&E has been doing and what progress they've made. Following Darrell, Mark Johnson from the regional water quality control board will also make a brief presentation. Mark assumed site management responsibility for the site approximately the same time we were having the meetings with the mayor's office and PG&E. The regional board is now fully engaged in this project and Mark has been extremely helpful in moving things along. Mark conveniently is also the regional board site manager for the Pier 70 redevelopment site. He's managing these sites in concert and it definitely helps the coordination between the two sites.

Darrell Klingman, environmental manager with Pacific Gas and Electric Company in the environmental remediation department, indicated that he also manages the manufactured gas plant remediation program at PG&E. He thanked the Port Commission for the opportunity to provide an update on the investigation and remediation activities at the Potrero power plant located immediately south of the port's Pier 70 property.

The area that's outlined in the photograph on the right is the Potrero power plant site. It includes property that now is owned by Mirant in the central portion and on the east, and on the west property it's still owned by Pacific Gas and Electric Company used as a substation and for general operations. The area is located in the central water group area of San Francisco. PG&E operated a manufactured gas plant in the northern portion of the Potrero power plant from 1872 to 1930. It was later demolished and then PG&E built the power plant that's there now in the 1960s. PG&E sold the power plant in the late 1990s, but retained the environmental liability for any impacts that might have occurred prior to the date of sale.

The Potrero power plant is currently owned by Mirant, and earlier this year Mirant and the city and county of San Francisco signed an agreement thereby allowing the power plant to be shut down this year and making it possible for the demolition of the plant and the eventual redevelopment of the property. This is an important step in being able to remediate both the sediments offshore of the power plant and the property on the power plant.

As Jay mentioned, in April of last year, they gave a presentation to the Port Commission that described their plans in remediating the upland portions and the sediment and the shoreline along Potrero power plant. Today he will present their progress in each of those three areas.

The first is a shoreline interim remedial measure called the shoreline revetment project that took place in the northeastern corner of the property. The purpose of that work was to stabilize the shoreline in that area. It's an area of active erosion during winter storms that was also exposing some manufactured gas plant residues in the area. They wanted to clean that area up, limit any future exposure of those MGP residues, and enhance the appearance of the shoreline.

The permitting portion of that project took longer than the actual work itself. It took more than six months to acquire the permits, and that included permits from the regional water quality control board, the Army Corps of Engineers, the Bay Conservation and Development Commission and the Port of San Francisco, along with consultations from the National Marine Fisheries Service, California Department of Fish and Game, and U.S. Fish and Wildlife Service. The list was long. There were a lot of permits to be had.

After they obtained the permits, they were able to mobilize on January 5, 2010 and finished just a few weeks ago. At the latter part of this project, they had the opportunity to work closely and quickly with Port staff and the agencies to clean up unsightly wood debris that was scattered on the Pier 70 shoreline. The wood debris was likely deposited during storm events.

They were successful in removing the debris in the last days of the project, and it's a testament to the improved and cooperative working relationship that

has developed between the Port of San Francisco and PG&E over the past year.

He showed a picture of the shoreline before the work that they did. The area in the background is the area that they provided the shoreline improvements to. The area in the background contained random concrete debris along with manufactured gas plant material.

He showed a picture of the area after they finished the work. Some of that wood debris on the right-hand side were materials that they picked up right at the very end in cooperation with the Port. He showed a photograph of the shoreline when it was all done.

He thanked Port staff including Jay Ach, Brad Benson, Carol Bach, and Elsa Lamb for their assistance in the permitting and logistical aspects of this project. It was with their help that this project was a success.

He showed a map of the offshore area of Potrero power plant and Pier 70 where they collected sediment samples during several phases during 2009. There are over 80 sediment sampling locations on this map. Some of the samples were actually collected by Mirant during earlier phases of their work.

He showed a map that shows the locations of the surface samples. The white and yellow dots contain relatively low concentrations of the PAHs that Jay mentioned earlier; the dark brown and black dots contain the higher concentrations. Levels at which they believe some form of dredging and capping will likely be required.

During the second phase of the sediment investigation, they used a tool called TarGOST which is used extensively in manufactured gas plant soil and sediment investigations in the East Coast. They used it at Potrero. It uses a green laser light to identify zones where the coal tar might be located. It's called DNAPL - a free-phase liquid that can sink.

The tool was calibrated using the DNAPL that was seen in the monitoring wells at Potrero power plant. He showed an example of a profile going down about 35 feet, and it shows coal tar at depths of 18-20 feet and 23-26 feet. The tool was extremely useful in helping map out those impacts. He showed a cross-section that runs north-south offshore from the power plant, and it shows areas of higher levels of the coal tar, but they're down at a depth of 15 feet or greater. These seem to be in isolated lenses.

They don't know how it got there but given its viscosity -- it's very, very viscous -- it may have been physically deposited there at the time when the MGP operated. They've been covered by more recent sediments since that time.

They can't begin to do any remediation work offshore of Potrero until the power plant is shut down, demolition of the power plant is complete so they can install that upland remedy to assure that continuing impacts to the sediments offshore will not and cannot occur, and all permitting is complete.

They know that the power plant plans to shut down this year. They've had discussions with Mirant about the schedule for demolition, and it is currently not firmly established. They can begin the design permitting and sediment remedy on or about 2013. It is dependent on both the aboveground and underground demolition work.

They have also conducted several upland investigations this past year. They looked at soil vapor impacts in the upland portions of the Potrero power plant property. They've also looked at DNAPL impacts in the southeast corner of Pier 70, the Port's property. They've also looked to see if the coal tar extends below a geologic unit called the bay mud on both Mirant and Port property.

He showed a map of the benzene results from the soil vapor samples. In general, the impacts were noted in the northern portion of the site, and they noted lesser impacts in the southern and central portions of the site. This map shows the areas that they would have to mitigate for benzene in soil vapors during redevelopment of the property.

This map shows the area where there is coal tar DNAPL in the shallow fill across the Mirant power plant site and onto the southeast corner of the Port's Pier 70 property. They are continuing to do additional work on further defining it on the Pier 70 property. This cross section is drawn from north to south. It shows the port's property on the left and Mirant's property on the right. They are seeing greater impacts of the DNAPL and coal tar on Mirant's property; there are some impacts on the Pier 70 property and will address those.

They are also seeing some impacts in some parts of that geologic unit at the Bay mud in a few locations. They will be doing additional work to help clarify those.

He a picture of the Potrero power plant property, divided up by different properties owned by either PG&E which are shown in orange, Mirant in blue, and then there's also the Pier 70 Port property that has the crosshatch in it. In the light orange portion along the west side of the power plant is the current substation.

They have completed the human health risk assessments along that property. They have a path forward for closure on that, and the only thing that's left is to record the deed restrictions on that property.

The orange property to the north of that is called the Hoedown Yard. On the left-hand side of that they will be doing a human health risk assessment and then applying deed restrictions and being able to close that property out with

a soil management plan. The right-hand side of that property, they will be doing no further action. It's very clean, and it won't require any deed restricting at all.

In the southern part of the Mirant property, they're conducting a human health risk assessment. They will be able to close that property with soil management plans and a deed restriction. The timing of that and the Hoedown Yard is about in the 2010-2011 timeframe.

That leaves the area in the darker blue and on the Pier 70 property. That's the area that has the most significant contamination at the site. They are conducting a feasibility study; they intend to provide avenues for public review and public comment throughout the feasibility study and remedy selection period. They anticipate that the remediation will include some kind of cutoff wall to prevent any contamination on the property from reaching the offshore sediments. They expect to be conducting the clean-up work in or about the 2012 timeframe.

Mark Johnson, regional board, indicated that he was assigned the case about six or eight months ago, both Pier 70 and PG&E together. Both these cases are high priority. He'd like to see them move forward. He generally works on ground field redevelopment. With the sort of slump in the economy most of his projects have completely stopped so it gives him the time and the energy to actually focus on these projects. They're on the fast track and they're going to get them done.

With respect to the PG&E site, what's really nice with the recent shoreline IRM, they dragged in all of the agencies that they're going to need to deal with in the future such as BCDC, the Army Corps, National Marine Fisheries, etc. They're introduced to the site and he has the phone numbers of the people that are going to be working on it. We have them fully engaged. They realize this is a significant marine cleanup. PG&E is also really motivated, which is nice for because we don't want to have to work them over. They've also brought on a real good team. It's nice when you see a first-class team show up so you don't have to sort of handhold them and drag them along. The stars are lining up on this, and we're actually going to get it done, and it's going to get done quickly.

We could go a little bit more into the cleaning process. We're going to be putting together a public participation plan for this in the next month or two, and start to drag in the stakeholders and so forth. He's worked on Mission Bay, on the stadium and so forth. He knows the characters in the neighborhood and some of the groups.

As Darrell had said for the cleanup to really move forward the plant needs to close. You need to have access to it; you need to get to it. We're looking at doing the upland cleanup prior to doing the offshore cleanup because we need to cut off any migration of pollutants from the onshore to the offshore.

We're looking at probably adopting a cleanup plan this year for the onshore portion of it.

We won't be able to actually do the actual physical work until the plant closes and it's demolished, and we have access to it. Onshore as Darrell said, probably around 2012 we'll get a remedial action plan for that.

There are two important issues, looking at both Pier 70 and with PG&E. PG&E does affect Pier 70 slightly. The remedies need to be compatible with future use. Now we know the power plant is closing. We're not just going to put the fence around it in controlled abandonment. We need to have a remedy that's compatible with the future uses of it. What's going to happen there? That will be really taken into account. Another thing is that in practicality not all of the pollution is going to be able to be removed. It's just physically impossible. So if pollution, any pollution, is going to be managed and in place, PG&E will be responsible for it as long as the pollution remains there. As things change in the future, PG&E may have to come back but we will be taking all of that into account.

He looks forward to working on these projects in San Francisco.

Tony Kelly, Potrero Boosters Neighborhood Association, indicated that they've been interveners on matters concerning the Potrero power plant since 1999. There are a couple of points raised by this presentation. One is, as the gentleman from the regional water quality control board knows, the regional water quality control board actually has the power to stop that plant from operating, and they've had that for a couple of years now. The Potrero power plant is operating on expired permits for the use of their water cooling system. At the last renewal of those permits a number of us from the city including the city attorney, including the president of the Board of Supervisors, etc. argued to have a very limited extension of that permit, and at the end of that permit period to demand that the plant close because of the environmental damage it's doing to the Bay. That permit expired at the end of 2008. We are now in early 2010, and the plant is still operating and the Board is not enforcing the expiration of that permit. Is there something that the Port can do, something that the city can do? The residents of the city are demanding that plant should be closed immediately, especially with the TransBay Cable going into operation that the ISO's arguments about keeping the plant open are especially flimsy right now. We can actually start this cleanup process much sooner if the city would actually get unified and work with the regional water quality control board about closing that plant. Second, he finds it odd in the discussion of liability for PG&E and the recognition about how easy it is to work with them and that we don't have to work them over in doing this up that liability is not limited to just remediation. This is an area, a part of the Bay that has been damaged for decades. At some point liability for that damage to the Bay, the same Bay that you're expecting the America's Cup to be held in and that he would want to see that happen there too -- but how many pollutants are going into the Bay? What damage are we doing to that same Bay that we

expect to have as this big tourist attraction in a few years? We need to look at that, or restoration of that, or suggest that we actually need to work on PG&E a little bit on that. It's not just a question of just remediation and cleaning up what was there, but also recognizing or at least trying to assess. Has there been any attempt to assess the damage to the Bay and the damage to the ecosystems in the Bay from these decades of pollution that have gone on? He hope the Port would be interested in that.

Commissioner Brandon thanked the mayor's office for working together with the Port staff, PG&E and the Water Quality Board for putting this on the fast track and just not investigating but doing something. She recommended that going forward when you start your community outreach that you not only, she knows that there's a lot of overlap between the Central Waterfront Advisory Group and the Southern Waterfront Advisory Group, but the Southern Waterfront Advisory Group has gone through this process before and probably has expertise and insight in what could be done better, be helpful in some way. You might want to have a combined group, or just do a presentation to both along the way, but she would like SWAC to be involved in this also. The more eyes and ears, the better for the overall process. She thanked them for all their hard work.

President Fong thanked the presenters for the very informative presentation and he looks forward to hearing the next update.

11. PLANNING AND DEVELOPMENT

A. Informational presentation on the comments received and proposed revisions to complete the Pier 70 Preferred Master Plan and on the Pier 70 Development Solicitation Process.

David Beaupre with Planning and Development, also introduced Kathleen Diohep, who will be presenting with him, but also recognized that the Pier 70 planning effort was really an interdivisional effort that included every port division participating in it. He recognized the Central Waterfront Advisory Group, who has been participating and following this process for over 10 years now. This informational presentation is the culmination of the Port's planning process to define Pier 70's future. Pier 70 is a 65-acre historic shipyard along San Francisco's central waterfront, generally bound by Mariposa, 22nd, Illinois Streets and the San Francisco Bay. This presentation will also provide an overview of the implementation strategy that Kathleen will cover.

The Port released the draft Preferred Master Plan in July 2009 and presented it to the commission in July and in August. Since that point in time, we've done extensive community outreach including going to the historic preservation and planning commissions, both of which received the draft plan well.

The outreach thus far has included seven port commission meetings, over 70 public and community workshops, and continued and ongoing coordination with sister city agencies and state and federal agencies. The plan is intended to craft a vision to balance the needs of the ongoing ship repair operations, preserve historic resources, and create new waterfront open spaces and new jobs in a financial and environmentally sustainable manner.

In general, the comments we received on the plan were very favorable. Some revisions to the plan's goals and objectives have been made based on the comments we received. In addition, the plan will be revised and reorganized slightly to provide clarity in the plan.

In general, the consensus in the plan was again that the plan that we presented was well thought out and addressed the variety of goals needed. The primary comments we received were as it relates to Chapter 7, the form and character. the consensus was that we provided too much detail in that chapter of the plan, but the intent of the details was to demonstrate that the overall goals and objectives we presented were achievable. However, members of the public perceived that the information represented a specific program for the siting density and massing of new development, which was not the case.

The intent is for the plan's goals, objectives to set a clear guidepost but allow flexibility for developers to propose varying approaches to achieve them, and therefore the plan will be revised to eliminate those details in chapter 7 and we'll present those in an appendix so that that information isn't lost and the understanding behind that framework is still recognized. The Pier 70 Master Plan presents a framework for developing across the site and informs the planning of parks, open space and configures the ship repair leasehold, and reconciles the public trust obligation and prioritizes historic buildings for investment.

The plan implementation strategy that Kathleen will cover lays out the regulatory and administrative approvals needed to realize the Pier 70 vision, the public funding sources available, and the role for the private sector in realizing the plan. With the Commission's direction, Port staff will complete the draft Preferred Master Plan in the spring of this year, in April, and release it as a final Preferred Plan.

Kathleen Diohep, Port's Planning and Development Group, indicated that the master plan included an implementation chapter that was laid out to accomplish this grand vision. We've have to work with a lot of regulatory partners, and we also have to attract investment.

This is an informational presentation with the idea that with direction and feedback from the Commission and the community, we would be coming back in about a month, on April 13, with an action item to move forward and

bring partners in to help us realize the plan. It's an exciting stage we're at. It's also a challenging stage we're at, given the economy given the situation.

The financial projections show that this is a challenging project. We show that the costs are very much frontloaded, and when we did these 30-year projections you assume the revenues come in somewhat evenly over time. We assume of the 3 million square feet $172,000 a year are built. It's not going to happen like that. It'll happen as the market cycles happen. So that is one of the key factors. The magnitude of the development, how to respond to the market cycles that we factored into our planning and our thinking for the next steps.

This is a reprise of a slide Brad showed you several times in 2008, when we were going forward with the Prop D. Moving forward with Pier 70 requires a lot of steps, a lot of approvals, and what that means is a lot of time. We've gotten some new flexibilities and some abilities with Prop D, but to start to get to the end, to be able to actually build buildings, we need to start because this is maybe a three- to five-year process depending on how fast it goes.

We're recommending that we don't go out with one. We're not recommending is to come out and say, "Developer, here is our Master Plan. Take the 50 acres that aren't ship repair and figure it out." That's not what we're recommending. What we're recommending at this point is to go out with two different offerings. The first one being essentially the 20 acres that are mostly undeveloped land. That includes some historic buildings that are on the waterfront. We term this the Waterfront Site. The second offering is the 20th Street historic core of buildings, which is the place where we can really create an energy and attract the right development partners.

When coming up with these recommendations we had extensive staff-level discussions. The whole planning development team -- Brad Benson, Joanne Sakai with Legal, the mayor's office -- really thought through what we've seen that works and doesn't work in public/private partnerships that the Port has done and that other agencies have done. We had conversations with the real estate sector. We took advantage of the Urban Land Institute having their national and international meeting here last fall and had a discussion session with them where we invited a group of urban land members that included developers, city officials, and people who have been around this block of Master Plan development and large development a few times.

We got some real, honest feedback that this would be a challenging project to put out now, to put out in a time where the other parts of this conference were telling us things about there is no money, there is no lending, the next credit crisis is coming on the commercial side. So how do we approach it from that perspective? What really is clear is that the historic buildings need investment yesterday. We need to move forward in this project. It's a long time to get there. We started to first focus in on the historic buildings. We realized that requires a specialized skill set of a developer historic preservation focus, not

unlike how this building was rehabbed and all the issues that were involved with that.

They also require a clear vision of who the user is, to understand it in an extensive due diligence. In the plan, we've identified the Union Iron Works, the machine shop as a possible site for a major institution and as a place where we see the cross-subsidies built into the plan as where the tax revenues and other revenues could be reinvested back into that project.

On the new development side, there's a need for substantial infrastructure for the new sites. And that the entitlement effort will take a long time. This is a 20-acre site. There are not sites like this in San Francisco. We potentially have an opportunity to create a corporate campus, to offer something up, to do something in a way that we really couldn't do elsewhere. The phrase of a game changer -- someone who comes in and says, "I want to be at Pier 70" or uses that want to be in one of the 20th Street buildings, and then we can include them as we go down the entitlement process and create the vision for this site.

The other thing we discussed is strategy, learning from other projects. We realize that a request for proposal process for design proposals is very expensive for a developer to put together. It creates a barrier. We wouldn't get as much interest or if we're asking for people to essentially give us a high price, either of those create a bidding war or beauty contest where someone is going to do something to win the proposal and then start renegotiating with us afterwards to get to the deal. Rather than that setup, we wanted to choose on qualifications, on finding the right fit for this opportunity and interest. We want to create an opportunity for interested qualified users and developers to come forward so we can find the right partners for the long haul in working this through rather than the most exciting bid package that comes in the door that everybody gets excited about.

We came up with a multi-pronged approach, which the first phase is the 20th Street historic buildings. First we propose stabilization and repair investment, which is coming from Port capital funds. We have under $2 million the next couple years going into a range of buildings. We're also up for trying to get another half million dollars in grant funding. Then we would be seeking users or developers for key 20th Street buildings.

The next is the waterfront site, which is a jobs/tax generator to support the whole site. We've already secured funds for Crane Cove Park. It's part of the Blue Greenway process. That's moving forward as a public park project, independent of the developer. We're continuing in every way we can to search for more funds. All of these things are going forward at once rather than just saying bring our developer in and stop and choose them to move everything forward.

The historic 20th Street buildings, the Union Ironworks machine shop, could be a grand place. It's also where we're looking at stabilizing the walls so that there's not a safety hazard and we can repair it when more revenue comes.

Building 101 is a 56,000 square foot building. It was an office building and it could be rehabbed as an office building. The cost is about $25 million. Building 102 is a 8,000 square foot building; about $4.5 million cost. Building 104 which is about 37,000 square feet, $18 million cost. Part of putting out this request for interest on the historic site is to see if we could have different partners take on each of those and spread the capital and risks out over a base of users.

We want to ask for a fairly light proposal from folks about their company, their interest, etc. We want to call for interest and then present it to the Commission and solicit their input. The next step might be going back for refined proposal or other opportunities on the historic sites so we can get the right partners in place, particularly on the nonprofit or institution side.

To raise funds to do a site, you need to have a site. To have a site, our typical process would be to have the funds in place so that if we can find partners now and work on due diligence and a path to help them raise funds. We will work together to bring monies to rehab these buildings, the possibility of creating a revitalized 20th Street sooner.

The waterfront site is about 20 acres on the southeast side of the site. This is where we're looking for a developer to come in and present to us that we're looking at this as a jobs use. This is office, R&D, perhaps PDR light industrial uses that we're including in this offering about three acres of parks and plazas. Also including the building 12 complex, which is the historic building in the corner, is a 60,000 square foot floor plate.

The requirements that we're suggesting on this is that we would allow 2.5 million square feet of development, which is slightly more than was shown in the massing studies that David talked about in the plan -- the illustrative studies that showed possible buildings -- and that we would make that a cap on what could be on this site, but that we wouldn't say a specific height limit at this point. We'd look for designs to address that.

We also have been very careful in the plan in the historic research to write a set of historic guidelines for how infill development -- new development in and next to historic resources -- how that has to complement them and fit. That's one of the clear requirements that this site would have to do.

The other role of the developer would be to collaborate on the sitewide entitlement getting down that arrow and infrastructure planning for the whole 65 acres of Pier 70. As we work together, we will get an improved entitled project but we're not burdening this project with the substantial cost of the 20th Street buildings.

We think this is a project that has net land value and could attract and bring in a partner with the Port. On this project we're recommending that we issue a request for qualifications and ask for interest. Who's qualified to take this on both from skill and background but also financial qualifications? We would also ask for the type of approach they would bring to this project and come back and evaluate and make recommendations on where we go with next steps.

There are the four initiatives we started that are either underway now or are going on in 2010 in Pier 70. The Crane Cove Park area, the BAE Shipyard essentially remains the same, though we would be working with them over time. The historic core is down 20th Street and then the waterfront site. What we're not offering for development at this time are the two sites in the front, the Illinois Street Parcels. The thinking and planning for that will be influenced by how that park gets planned and how we lay that out. The one farther down that's right at 20th and Illinois is also an interesting opportunity but we want to know more about what's going to happen on 20th Street in the machine shop before we offer those up. Our thought is that in the overall rezoning and entitlement we would bring those along, have them ready to go so at some further point down the line we could offer those sites for development as separate properties and efforts. We would see these as net positive add-value to the project development opportunities.

The two buildings in the back that are circled in pink are adjacent to or in the ship repair. We've held those back for now because they're tied to how the ship repair leasehold might change over time. Also they are relatively high-cost buildings and the priority of starting the 20th Street can create more of a place. We can look at opportunities as the implementation rolls forward.

If the Commission concurs, the waterfront site requests for qualifications would be issued in April, based on the criteria that we'd be recommending before you at a later Port Commission meeting, asking for responses in July, and evaluate those in the fall and select a developer at the end of 2010.

On the historic buildings requests for interest, we would issue that this summer, ask for responses back late this year and evaluate them then. Depending on what projects and steps come forward, we'd be considering those for 2011 on how we move forward.

In the next two weeks there'll be a presentation on what we've learned in the Pier 70 environmental update, which will influence and help understand to what degree the environmental conditions are cost constrained, particularly on the waterfront site.

On April 13, 2010 staff will come back to seek Commission's authorization to issue these two development solicitations. In August or September, we will be reviewing and considering the responses received. Late 2010, Port staff

would be evaluating the responses on the historic buildings and decide what the next step is. Later this year, we will be selecting a waterfront developer.

These are the strategies intended to both address the need to move forward with Pier 70 and to put out offerings that have investment potential and interest to the private sector.

Marti McKee, artist from the Noonan Building at Pier 70, thanked the development department for including them in the process. For a number of years we kept seeing these notices on our building, and everybody kept running to their studios and saying, "Oh, God; I hope nothing happens." As a group we got together and approached the Port and asked if we could be included, and David Beaupre and his people have been great. They've come out to our building twice to meet with us, and included us in the process and gave us an opportunity to comment on the proposals. Our priority is to maintain affordable space for working artists - ourselves, the current tenants of the Noonan building but more importantly the future artists of San Francisco. Each year, more and more affordable industrial space in San Francisco disappears. We submitted comments on the proposed plan that included historical background on the Noonan building and its long history as an artists' community, and requested that providing continuing affordable space for working artists in the Noonan building be specifically stated in the goals section of the Master Plan. We understand that we are a very small part of a big endeavor and because of that fear we're being lost in this massive project particularly because our building is already slated for demolition. We appreciate the latest proposals recommendation to include the Noonan building and its historical use as an artists' studio in the history section of the proposal; however, we were disappointed to not be included specifically in the Master Plan goals and objectives section but rather as a sidebar in the land use and adaptive reuse section. While some might argue that we're included in the goals section in either light industry or cultural uses, we don't believe without specificity that we would get serious consideration by potential developers. While we understand that including affordable space for working artists isn't a revenue producer per se, we believe it adds great value to making the proposed historic district and waterfront a draw to a diverse community that may ultimately live, work and visit the district and thereby contribute to a lively venue.

Corinne Woods indicated that she's been on CWAG for 10 years. She's very impressed with the work that Port staff has done in revising the goals and objectives of the Master Plan in response to God; it must have been hundreds of public comments from the ULI seminar and everything else that we've heard. She's also very impressed with the concept of doing a separated plan, because it's way more achievable. She's looking forward to it.

Tyler Stevermer indicated that he's with the development company of Kidson Land. We are a very small, adaptive reuse company focusing on historic structures. We're excited about all the activities that have been going on at

Pier 70 recently. Since these beautiful buildings are quickly crumbling, it's good that something is moving. We're also really grateful that the traditional RFP process is looking at being removed from the project, as this will be much more cost sensitive to the developers. We are a little bit worried about the separate plans of doing the waterfront separate from the 20th Street historic area. We believe that if these projects are done separately it would not be financially feasible to complete the necessary preservation projects and we would ultimately lose some of the beautiful structures, just because much of the funding that is required to complete the renovations will come from the revenues and the incentives that are gained from the denser, new construction that will occur along the waterfront. We encourage that any developer who is proposing to develop along the waterfront also address some of the adaptive reuse and preservation needs with their proposal, or that more density is given to the developers looking at doing the 20th Street historic structures.

Toby Levine, co chair of the CWAG, indicated that this is obviously an important day, finally having the general outline of the plan presented in a very clear way. Our committee has been reviewing the work over the past several months, and by and large we're very satisfied and particularly with the idea of separating out the two sections and working with the cleared land and developing a campus-like park there and then the historic section being a different kind of activity. Logically it will probably work better that way. That does not mean that the developers who are working on the cleared area wouldn't have responsibility for assisting the historic section, because in the end they will all be a part of the same project. Our committee is very pleased about the fact that there is a very heavy jobs focus in all of it but particularly in the part where the campus is going to be developed. The 1940s very large building that is going to receive some rehabilitation money is a very good one for artists and other people who need heavy duty structures to work in to do their work, sort of an artisan section. We hope that the commission will very strongly keep asking the question over and over again -- the jobs, the jobs. What are we going to see here aside from the important historic renovations? The other thing that I think that you need to question about or ask about is the water orientation. Once again, we have all this space along the waterfront. Staff needs to be constantly asked about what plans do they have and what ideas do they have to make use of that important waterfront for the San Francisco public. We're moving forward and the staff deserves a lot of thanks for all the work they've done, and hopefully it will continue.

Tony Kelly from Potrero Boosters Association, indicated that this may be their third or fourth go round on Pier 70 planning. We're looking forward to seeing this one move forward. One is hoping that during the RFQ or RFI consideration process that there is some sort of public engagement with the neighborhoods surrounding Pier 70 because one qualification for a developer would be their dedication to working with the neighborhoods in building a new neighborhood there. One indicator of developer interest would be their interest in working with neighborhoods. One possible example was the

Seawall Lot 337 process, which was a much more formal process and there was a committee and so on. We don't necessarily need something as detailed as that, but some kind of ongoing engagement with the community would be important. Second, especially in terms of developing the 20th Street corridor, you're certainly going to have to have the waterfront project subsidize that project. You're certainly going to have to have the Mirant project subsidize the 20th Street project. We would encourage that. To get the kind of open space improvements in Crane Cove Park and to get the kind of cultural uses that the neighborhood has been demanding for decades at Pier 70 along 20th Street, commercial arts as well as non-profit arts, you're going to have to look at those sites as working together as a whole. A couple possibilities would be soundstages or film production which don't need the same kind of extensive buildout as other uses like offices and so on. Some of these buildings would be useful for that. Burning Man has been looking for a large site to use, and if you know what they can do in the desert where there's no infrastructure and no facilities you know that there are some possibilities on the Pier 70 land for that kind of thing, and that would fit well in with what the land's trust issue with public use and cultural use is. He urged the Port to keep in mind whether it's for individual artists like the Noonan building or larger arts uses as kind of cultural use, that has always been promised to us at Pier 70. We want an opportunity to weigh in during the process.

Janet Carpinelli, current president of the Dogpatch Neighborhood Association, concurred with the previous speaker that as the neighborhood directly adjacent to the Pier 70 area we've been trying to work with the Port over the years to improve it and we hope to work again with the Port Commission and the Port staff to do that. For years, we've had the power plant spewing pollution all over us and we're really looking forward to seeing that closed down as soon as possible. To be able to use the open space which is along the waterfront right now, we have to either go south of 23rd Street or north of 20th Street to get to the waterfront. We're looking forward to being able to use the waterfront within Pier 70. We'd love to see the buildings revitalized, and what that will bring to the neighborhood and to the city.

Charlie Walker inquired if the Port is in harmony with what is going on in the shipyard. One-third of that shipyard is for artists. He asked if there is any coordination between Hunter's Point and that which is right next door to that area. He asked if the Port is looking at that.

Commissioner Lazarus commented that she's very impressed with how staff has taken what would look to many as an overwhelming project and not only put in all this time with gathering public input but making sense of it and coming up with drafts and going back and refining it and laying out some objectives that are not only worthwhile but probably achievable, and particularly taking the approach that Kathleen had laid out for us today. She's very impressed at what's happened and look forward to us continuing down the path that she's not sure we ever really would have been on.

Commissioner Brandon echoed Commissioner Lazarus' comments. Staff has done a great job, and it has been a long process. It's exciting, yet challenging. The last time she saw this, this project was going to cost $1.4 or $1.5 billion Now we're separating it and we're going to have the waterfront part and we're going to have a historic building part but she didn't see how we're going to do that. There's $50 million in historic building repair that needs to be done, and we have $2 million. Then we're going to put an RFP out for the waterfront portion, but we're not saying what we're making now, what we're generating from revenue now with that portion, what resources are going towards that portion, what's left over for what. It's a great concept. It's a great idea but how? Where is the money?

Kathleen Diohep indicated that she has the 130-page feasibility study. The $1.5 billion number did actually include the building of the new buildings. The numbers that we have come up with, the estimates that we walked through is about $600 million in 2009 dollars to do the infrastructure, the parks, the historic buildings, the roads, and some remediation. On a public revenue side when you combine the future tax revenues and the payroll tax growth and all of those things we think we have $300 million. That's half of it. We're looking for about $300 million from the private side. Some of that comes because even though the historic buildings cost us $350 million they also bring in revenues. On net, they bring in $200 to $220 million of revenues on the historic side. The raw land, the bare land development, brings in another $250 million. If we ran it all as one project right now, we have about $46 million in the updated numbers of present value deficit. That's why we wanted to pull some things back that are costly and try to get going with some other pieces, and why we're sending our esteemed colleagues back to D.C. We're working on getting other funds, and we have legislation at the state legislature. When we looked at it from a number of different directions we think with the possibility of more public monies that are not just leveraging the tax revenues or the lease revenues, because those need the private money first so that with some more funds from that angle, this is what we hope our private sector colleagues can do on the costs.

When we ran this, we really frontloaded everything because we wanted to make sure we got everything done. We think we can phase some of the infrastructure and maybe phase some of the buildings. That helps improve the feasibility. We'll be back and walk you through more of the numbers. It was really interesting when the seasoned developer from Boston said, "Well, you've got your numbers but they're going to change a bunch of times in the 30 years that you do this." So you've really got to think; is this a real opportunity? 20 acres on the waterfront is a really exciting land opportunity, and this amazing historic street that can be repositioned.

We hope that the historic buildings will be a place where we might be able to attract people who are seeing it as their home, as an owner/user kind of function who may value it differently or be able to bring other resources to it. Maybe they themselves are nonprofits. They bring nonprofit bonds to it.

They're not borrowing at a developer's interest rates. These are just examples. In general we've gotten it as far as we can do it with our public sector role. We need to invite the private sector expertise, and we're posing these fairly open offerings as a way to let people come back.

She clarified that we don't see these as separate projects but as separate invitations. On the tax revenues, we're asking the waterfront side developer to help us understand the infrastructure for the whole site, to help us get together the Prop D land use and finance plan, which allow us to get the payroll tax growth and other pieces in place. We would function more like a redevelopment plan once adopted so that we see that the growth in taxes, the growth in rents will go into a big pot for Pier 70 that we can hopefully invest out.

Commissioner Brandon indicated that her concern was we're going to use all of our resources on these two projects and not have enough available for the remainder of the site to be developed.

Kathleen Diohep replied that this is most of the site. When you leave out the 15 acres of the shipyard and the Crane Cove Park area, we're actually talking about putting out most of it.

Commissioner Brandon asked if the buildings by ship repair and the other buildings along Illinois are included.

Kathleen Diohep replied affirmative. The other sites along Illinois are empty development sites. They're the ones where we've said that if housing is the right thing to do we might consider housing. We wanted to not have to make that decision about whether or not we're going to let developers propose housing now and slow us down with that. By holding those back for a bit we're staging but there's a lot of policy choices and economic analysis going forward.

Commissioner Brandon asked what funds were secured for Crane Cove Park. Kathleen Diohep replied that it's part of the Blue Greenway funds, about $21 million.

Commissioner Brandon asked if there's a planning process for that for the southern waterfront so it's not necessarily secured.

Kathleen Diohep replied affirmatively. In the financial model we had to make an estimate and we assumed some of that went to Crane Cove Park but we're moving forward with the plan.

Commissioner Brandon indicated that we should just let people know that we are going to do a community process and we are going to decide how much is going to go where. We can't keep assuming that what we think might go there is going to go there because we have to go through the process.

Kathleen Diohep replied that by doing the design and understanding what the cost is helps us in going for other park funds or other uses.

President Fong commented that this is great work. He agrees with the invitations and the phasing of the invitations. He also understands all the comments about keeping the cultural aspect and history of the area, and the last thing we want to make this is a sterile environment. It's got a great chance for some history and culture there as well.

B. Request approval of the Schematic Design Concept for Mission Bay Parks P23 and P24 located on Port lands along Terry Francois Boulevard. (Resolution No. 10-12)

David Beaupre, Planning and Development, introduced representatives of the Mission Bay team including Catherine Riley from the redevelopment agency, Tim Beedle from Mission Bay Development Group representing the master developer FOCIL-MB, and Mary Margaret Jones from Hargreaves Associates, the landscape architects.

The Mission Bay Redevelopment Area covers 303 acres of land between San Francisco Bay and Interstate 280, and is controlled by several documents including the Redevelopment Plan, the Redevelopment Plan Design Guidelines, the Owner Participation Agreement and the Interagency Cooperation Agreement.

Several waterfront parcels within Mission Bay are owned by the Port, and will be leased to the agency consistent with the Mission Bay Interagency Cooperation Agreement. The Port parcels will be designed, improved and maintained by the agency until 2043.

Today we're requesting your approval for the concept design for Bayfront Parks parcels P23 and P24. The design concepts have undergone extensive community outreach including meetings with the Mission Bay Citizens Advisory Committee, the Dogpatch Neighborhood Association, and the Potrero Boosters.

In addition it should be noted that the agency and the developer have agreed to complete two detailed design concepts for P24, one including the retention of the Bluepeter building and one that does not include the Bluepeter building.

Mary Margaret Jones, senior principal with Hargreaves Associates, the landscape architects for the project, showed a slide how P23 and P24 form the southern tip of Mission Bay. Together they equal two acres. They form a gateway as you enter Mission Bay from the south. The blue outline is an important one; it is the watershed area that is feeding into the substation and these parks.

It was important for us to look at the uses of P23 and P24 in the context of the other open spaces planned for Mission Bay so that we look at a variety of types of parks and a variety of uses throughout Mission Bay. The sole difference between the two is in P24 in terms of the retention or not of the Bluepeter building . In general, you see in P23 a plaza at the corner of 16th Street and Terry Francois Blvd. This plaza is actually on top of the pump station, which gives us an opportunity for interpretation of what's happening below grade.

You see a series of green spaces, both garden and lawn areas. All of those are doing some work for us in these parks in terms of treating that storm water. These bioswales are grass retention areas then is put back into the pump station before reentering the Bay in a cleaner state. We're making a landscape that works for us as well as a landscape that's good for people and is beautiful to look at.

In P24, you see not only the gardens and open spaces but you see more open, flexible uses for soft use as well as hard paved areas for a more intense use.

Starting at P23, there is a plaza area at the corner of 16th and Terry Francois. Then you see some sort of alleys of trees that are perpendicular to the view or with the view so that you have your views to the Bay. You see a paved area adjacent to the X4 development. That corner will have a cafe in it. You see a paved area for spillout from that cafe, and continued spillout from that cafe into the park and the plaza itself.

Moving south from that, you see a lawn area. You see a lawn bank, and that slope takes you up to the X4 podium. The X4 podium is above grade at this area, so you will see from the podium out over the park into the Bay. As you move further south, you see the walkway that aligns with the steps that take you up on top of the X4 podium. Continuing south, you see a series of gardens that will be above or between the terraces and the ramp that take you up to the X4 podium. The whole thing is a real streetscape expression. It's important to note that there's a walkway along Terry Francois all along this park edge, and this is a sort of continuous open space system along that park.

You can see the views of this park. View A is looking from the corner of 16th and Terry Francois back toward that lawn slope that takes you up to the X4 podium. The View B is from the cafe in a way, looking through these areas of trees and planting and bioswales out to the Bay.

Moving south to P24, P24 is a slightly larger park, and it's a park that has the capability for a larger, more multi-use open lawn. There are more active uses, lining Illinois in this scenario a paved area for multi-use sports. The Muni station is there and made a part of that Illinois Street edge. At the tip where

Illinois and Terry Francois come together is a plaza that's an important place for gathering and an important entry point for Mission Bay.

All along Terry Francois these gardens that are also bioswales serve as a buffer and a place to offer respite for people, sitting on benches, getting away from the street, getting away from the urban environment but still being adjacent to the Bay.

The next plan shows what that park would be like with the retention of the Bluepeter building. The Bluepeter building is a very active use. You see all the triangles showing the idea of multiple doors, multiple entrances, access on all sides of Bluepeter so that it's activating the park and hopefully a use that could be very much a part of the park experience, and therefore you see to the south of Bluepeter a paved area with tables and chairs, much more sort of active, outdoor gathering to the south of Bluepeter.

You see the views of what that would be like. First we see without Bluepeter. You can see how the central lawn area is larger, and you see the view from north to south in the lower image. Then in these views you see it with the Bluepeter building sort of activating in the middle of the site a north half of the site and the south half of the site.

David Beaupre: indicated that to the issue of the Bluepeter building, the Bluepeter building is a wooden structure constructed in the 1940s, and it's a two-story, 13,000 square foot building. The original Mission Bay plan or the Mission Bay plan doesn't call for the retention of the Bluepeter building. The Bluepeter building was to be demolished and room made for the park activities but through the planning process a group of neighborhood residents referred to as the Friends of the Bluepeter came forward and have requested the agency and the port to retain the building as an example of the maritime history that once occurred in Mission Bay. The retention of the Bluepeter building does reduce the amount of usable space within the park by about 7500 square feet and also bifurcates P24 into two different types of park spaces.

With this in mind, the Friends of the Bluepeter working with Port and agency staff worked with the Mission Bay CAC and tried to come up with a solution that would work or allow the Friends of the Bluepeter time to see if there is an achievable plan that would allow the retention of it.

The Mission Bay CAC recommended that the Friends of the Bluepeter be given time to come up with a plan to save the building, but that certain conditions must be met. As a part of the Bluepeter's efforts to identify the feasibility of retaining the building they hired Equity Community Builders to prepare an economic feasibility study which suggests that to retain or restore the building would be approximately $2.7 million to $3.1 million. Potential uses identified include restaurants, recreation activities, or community and

education space. The conclusion of the report suggests that the project today is not feasible, but that it may be in the future.

In addition recognizing that the project isn't feasible today they suggested for approximately $300,000 the building could be stabilized and retained until which time the project is feasible. Working with again the agency staff and the Mission Bay CAC, staff came up with the following recommendations as conditions for approval. They're outlined in more detail in the staff report.

The conditions that the Friends of the Bluepeter have agreed to is that during 2010 the agency and the port with FOCIL-MB will design two alternatives for the park, one with and one without the Bluepeter building, not slowing up the progress to getting the park constructed.

Prior to the Friends of the Bluepeter being allowed to make any improvements to the building they will be required to secure all necessary funds to stabilize the building for four years and ongoing maintenance, as well as secure an acceptable development partner for the ultimate renovation of the building. That needs to be completed by March 1, 2011.

If they identify all the required funding, the agency and the port will negotiate with the Friends of the Bluepeter in good faith to move forward with that alternative. And if the Friends of the Bluepeter are unable to meet those conditions by March 1, 2011 then the park will move forward without the Bluepeter building and it will be demolished.

With that in mind, the construction timing of the park is that the developer will be preparing final design plans with Commission's approval and will begin construction of the park in 2013, which relates to the development of the hospital site and other development within Mission Bay.

Corrine Woods, chair of the Mission Bay Citizens Advisory Committee, indicated that we've been working on this park on and off for several years. It got reactivated because of the storm water requirements. The regional board upped the ante on us about treatment of storm water and also the timing of the storm water requirements that relate to the expected opening of the UCSF Mission Bay Hospital in 2014. We're on a timeline that is fixed at this point, assuming UCSF comes up with however many millions of dollars it still needs to build the hospital. The CAC wanted to give the Friends of the Bluepeter an opportunity to try and make this work, but many of us are concerned about the scale of the building to start with. How big it is, how it bifurcates the park. We're going to look at this again if they manage to come up with a plan and some funding by March 1 but we do believe that the conditions that you're going to be asked to approve as part of this are really critical to keep the process moving forward and to make sure that we don't miss our deadlines for the hospital for the storm water treatment and that we end up with a park that is, because it's at the very south end of Mission Bay, a really important visual piece.

Chris Foley indicated that he's working on a project around the corner at 616 20th Street. When he was working on that project he met the neighborhood and he met the Friends of Bluepeter. They asked if he'd be interested in the Bluepeter building. He looked at the Bluepeter building. Right after 9/11, he leased a building at 415 Brannan Street for 20 years. When he leased that building it had 60 amps of power. It was structurally unsafe. Nothing had been done to the building for almost 80 years. It kind of has the same markings as the Bluepeter building. He signed a 20-year lease. He renovated the building, and built a restaurant for his wife and daughter. He had office space upstairs and had a basement. He's interested in doing the same thing with the Bluepeter building. He's interested in working with the Friends of the Bluepeter, and it's a great opportunity to enliven up the space and do something interesting. From a maritime perspective, he was in the Navy for six years and it would also be interesting to have that kind of aspect.

Susan Phelan, Mariposa Hunters Point Yacht Club, indicated that when she met Janet Carpinelli at the Dogpatch Neighborhood Association and she first told her of the project she knew right away what building she was talking about because she's one of those quirky people who likes Quonset huts. I think they're kind of cool. They represent a period in time during the War when we were running around as fast as we could. America was cranking it up after the Depression and a lot of them have disappeared. The idea of turning a building like that into a neighborhood cafe, a neighborhood hangout spot, someplace that you can ride your bicycle to, get a cup of tea, maybe get a sandwich, sit out in front of what's going to be remaining as a park, relax, unwind has tremendous potential. She loves the fact that the neighborhood is trying to do it themselves. This is requiring nothing of the city, nothing of the Port. They're going to raise the money. They can pull this off. $300,000 is really not that much in the city. They could use that to stabilize the building and continue to raise funds to bring this project to fruition. It would be wonderful, and she hopes the Commission approve this resolution. Give them a chance. The Port will work in good faith with them to see it through. We have the potential to have a quirky, beloved neighborhood spot on that corner, while still preserving enough space for recreation for people to sit down outdoors, relax, and enjoy themselves.

Janet Carpinelli, Friends of the Bluepeter and current president of the Dogpatch Neighborhood Association, thanked the Port and development staff for working with them over the last couple of years to come up with this resolution that they hope the Commission will approve. The Commission has received several letters as well as another six letters or so that were sent in since that time. In addition they've been talking about this building since 2007 when she asked the Mission Bay CAC to check into what's going on with this building. Back in 1998 when this current Mission Bay Agreement was concluded, Mission Bay looked a lot different than it does today. The Bluepeter building was not high on the list and wasn't up front and center with everybody thinking about the Mission Bay plan. She worked on the Mission Bay plan with the neighborhood over those years. She's a resident of

Dogpatch since 1984. The neighborhood thought the Bluepeter was actually going to stay there and that the park was going to be south of the Bluepeter.

All these years, the Bluepeter has been there. It's been occupied until the 1980s and later into the 1990s. We always felt that the building was part of the neighborhood, that it would stay part of the neighborhood, and we were kind of surprised to find out it was going to be demolished because we did not read every item in the old 1998 Mission Bay agreement. We've been working with the Port staff, the Mission Bay CAC and then the Redevelopment Agency Commission to try to work out our agreement and work towards revitalizing the Bluepeter as part of the neighborhood and part of the region. We have been out talking to people, and getting their feedback. In addition to the letters the Commission received, she has hundreds of letters signed by people in the neighborhood, around the neighborhood, in and from outside of San Francisco. We were out there during Sunday Streets last May and we had incredible reaction to the building. People loved it. They'd love to see it revitalized. She has hundreds of petitions and letters signed here from people all over who are really interested in seeing this building revitalized and be a part of the park and the neighborhood. It's a great place to bring all the neighborhoods together. The new Mission Bay neighborhood, the old, historic Dogpatch district, the Potrero Hill. The Bluepeter building is a World War II-era building built for ship contracting. It's all part of the history of working waterfront and the shipbuilding of the central waterfront. It's a beautiful and perfect introduction to Pier 70 and what could be happening in Pier 70 as far as revitalization.

Lou Vasquez, Build, Inc., indicated that they're active developers in the Dogpatch neighborhood. When Janet asked him to look at this building, he looked at it and didn't think it could be saved but she's proven him wrong. It's important to give the neighborhood a chance to retain this building. It's important in terms of scale. It's important in terms of history. It's important as an entry point to Pier 70. From everything you've just heard to offset the massiveness of Mission Bay -- the large buildings there, the large scale of what's going on -- and to have the Port do it and create a potential revenue source down the line for the Port is a win-win. He recommends to the Port that they accept the Friends of the Bluepeter's proposal to save the place.

Ron Miguel, a 34-year resident of Potrero Hill and a member of both the Boosters and the Dogpatch Neighborhood Association, indicated that the Port is with an unusual situation of historic renovation, which he has to deal with when he wears a different hat as president of the Planning Commission. When people think of adaptive reuse and historic preservation they think of buildings such as the one we're in, such as City Hall where his commission meets, that we're in a former courtroom that is now a hearing room. What we forget are those smaller gems that are scattered about major cities such as San Francisco that people drive by, walk by, don't know are there. The city loses and the public loses a great deal of its history, a great deal of what makes an unusual city such as San Francisco, when they are allowed to fade

away. Parks activate buildings and buildings activate parks. He was chair of the Golden Gate Park Concourse Authority that did the garage under the concourse that people said was going to ruin Golden Gate Park. Obviously most people don't even know the garage is there other than those who are parking in it. It has not ruined the park. Buildings and their use are necessary to activate public spaces. The agreement that has been worked out with Ms. Carpinelli and the group is a logical one. He has a very distinct feeling there are at least one or more developers that will come forward with a decent plan. He is pleased that the design team put it out both ways no matter what happens, the Commission is on board. It's the right way to do things. He urged the Commission to go forward with this and have a building that will activate the park and will activate this south end of Mission Bay.

Tony Kelly, president of the Potrero Boosters Neighborhood Association, indicated that like everyone else in the neighborhood, he's a strong supporter of the Bluepeter building, but at the same time the decision about whether to save that building isn't the one before the Commission today. It's about the resolution supporting the planning process that's been going on over with the Port. He congratulated the fine work that the Port staff has done, redevelopment has done, and of course the Friends of Bluepeter in developing these plans that actually have the option about having the building or not. It's a great and wise way to go. The Friends of Bluepeter have achieved so much more traction with this proposal than a lot of us thought they would. They've gotten a lot further; they've attracted a lot more support. They have a lot more concrete plans than there were at the beginning. He would be slow to doubt their ability to pull this through to its conclusion. At a time when we just discussed the need to pursue the waterfront project first on Pier 70 because of the jobs potential, it seems like this is a logical alternative to present on the Bluepeter site and the park site that there is some jobs potential there and some continued community-based economic development. We should not be turning up our noses at those kinds of opportunities, especially if they come from the neighborhood. We shouldn't stand in the way of that.

Commissioner Brandon asked if the Bluepeter building was discussed during the Mission Bay planning process.

David Beaupre replied that none of the staff here were around during that planning process but Corinne was.

Commissioner Brandon wondered how it came to the conclusion that we would demolish the building.

Corinne Woods replied that it was a non-historic resource. It was discussed in the EIR for the Mission Bay plan, but it was not considered a historic resource, and therefore was not considered to be worth saving in the planning of the Mission Bay plan.

Commissioner Brandon indicated that because there is so much interest in it, and because it could be such a great asset to the community and it could be a jewel, she requested that in the next year staff come back to the commission and let them know where we are within this process instead of just letting it go.

David Beaupre replied that staff will do that as requested. One of the conditions with the Friends of the Bluepeter is that staff meet with them quarterly to get updates on their progress. We could do the same or do it as new information becomes available, but we'll definitely come back before a year's time point.

President Fong commented that it's exciting that there is that much community support.

Commissioner Brandon asked if we need to change one of the resolutions for it to come back to the commission because in the resolution it has the directors of the agencies making the decision.

Robert Bryan replied that the Commission has given a directive to staff so we can rely on staff to follow the directive, or we could change the resolution.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 10-12 was adopted.

12. ENGINEERING

A. Informational presentation on the Concept Design for the Mission Bay Shoreline Protection for Bayfront Park Project.

Ken Chu, project manager for the Mission Bay Protection project, indicated that his presentation is going to be focused on the scope of the project and the concept design idea of the project. The project is for the shore protection from Pier 54 to Agua Vista Park. It's about 1200 linear feet of shoreline protection. He showed photos of the site which shows deterioration and erosion of the shoreline. Without further protection it's going to be all the way up to the Terry Francois. A similar project was done 10 years ago for the China Basin shoreline protection and there has been no problems ever since. The concept and design for this project is removal and demolition of the existing structure and placing aggregate base.

Corinne Woods, Mission Bay CAC and Central Waterfront Advisory Group, indicated that this is the first fruit of our Prop A bond money. Without this bond, without the shoreline protection that this project is going to allow, this park would have ended in a crumbling mess. It's going to be a really beautiful Bayfront park, and she's very pleased that we're this far with it and pleased to see the kind of work that the Port is doing. There is a building on that site; she

doesn't know if it's salvageable. It's right on the water, and we were hoping to be able to hold onto it but the underpinnings of it are not going to make it possible. This is a very important park for Mission Bay and also for the Blue Greenway.

B. Request authorization to award Construction Contract No. 2736, Marine Structural Project II, for repairs of the Hyde Street Harbor Fuel Dock Substructure and the Ferry Building North Public Plaza in an amount not-to-exceed $1,471,000 plus a 10% Contingency ($147,100), for a total amount of $1,618,100. (Resolution No. 10-11)

Joe Roger, structural engineer for the Port of San Francisco, requested Commission's authorization to award construction contract 2736, the Marine Structural Project II to Cowhey Pacific Drilling Inc., the lowest responsive responsible bidder. On December 8, 2009 the Port Commission authorized Port staff to advertise for bids for this project. On February 8, 2010 Port staff received three bids for this project. Port engineering staff and the Human Rights Commission staff have reviewed the bids and determined that Cowhey Pacific Drilling Inc. is the lowest responsive responsible bidder. The Human Rights Commission staff recommended a local business enterprise (LBE) subcontracting goal of 16 percent for this contract, and Cowhey Pacific Drilling Inc.'s bid includes LBE subcontractor participation of 20.6 percent.

Port staff recommends that the Port Commission authorize the award of construction contract number 2736, Marine Structural Project II, to Cowhey Pacific Drilling Inc. as the lowest responsive responsible bidder in a not to exceed amount of $1.471 million and also authorize staff to increase the contract amount by 10 percent, $147,100, through contract modification or change order if required for a total of $1.6181 million. Staff also recommends that the Port Commission authorize the executive director to accept the work once it is complete.

Commissioner Brandon asked for more detailed information about the LBE participation, who they are, what they will be doing on this project and how much is their contract.

Joe Roger replied that Winnie Lee is the project engineer and she had to leave. He does not have the answer but he will ask Winnie Lee to provide that information to the Commission.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 10-11 was adopted.

13. REAL ESTATE

A. Request approval of Lease No. L-14630 with D & G Company, LLC, for a fifteen and one-half years (plus a five-year extension option) restaurant lease

for premises located at 300 Jefferson Street subject to Port Commission and Board of Supervisors' approval (Resolution No. 10-13) and companion Sidewalk Encroachment License No. 14651 subject to Port Commission approval. (Resolution No. 10-14)

President Rodney Fong recused himself on the next few items under Real Estate and passed the gavel to Commissioner Brandon.

Jeffrey Bauer, Port's leasing manager, indicated that the site located at 300 Jefferson Street has operated as a restaurant since 1977. In 1997 the operator declared bankruptcy and the lease was sold at a bankruptcy court auction to D&G Company, doing business as Lou's Pier 47. The lease expired on January 31, 2007 and D&G has been holding over on a month-to-month basis. In November, D&G and Port staff began negotiations that led to the development of the proposed 15 and one-half year lease and companion month-to-month sidewalk license for dining under the Port's retail leasing policy. Port staff determined that the D&G proposal met the criteria found in the 1993 Retail Policy and that D&G is a tenant in good standing.

The current lease lacks the term and will not allow D&G to execute its business plan that includes making a significant investment into Port property. In exchange for this investment the Port will grant D&G a sole source business opportunity and extend the current lease for a term of 15 and one-half years plus a five-year option.

Aside from the six months of free rent during construction, there are no other considerations such as rent credits provided in the lease. There are substantial and quantifiable benefits to direct negotiations with this existing tenant in that D&G is willing to make a significant investment in the amount of approximately $750,000 within a predetermined timeframe.

D&G has a proven track record with a successful restaurant formula. D&G currently pays the greater amount of $6,579 or about $3.10 per square foot against 6.75 percent of gross sales. Under the new lease the percent paid will remain the same; however, the minimum rent will be increased to $11,954, which represents an 80 percent incremental increase over the existing monthly rent.

D&G will invest $750,000 into the property and those include refixturizing the restaurant, adding an elevator lift, unifying the restaurant into the first and second floor. Currently, it's not a unified restaurant operation. The lease will provide for an annual 2 percent adjustment on the minimum rent, and in the 10th year the percentage rent will increase to 7 percent.

Port staff recommends that the Commission adopt the attached resolution approving Lease L-14630 and the sidewalk companion License 14651, and authorize the executive director to forward the lease to the Board of

Supervisors for approval pursuant to the Board's authorization and execute said lease.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 10-13 and 14 were adopted.

B. Request approval of Harbor Traffic Code Amendment to make Article 3, Section 32 (b) consistent with the Port Commission's directive in Resolution 93-128, by clarifying that the Executive Director is authorized by the Port Commission to issue licenses to pedicabs wishing to operate on Port property. (Resolution No. 10-15)

Elliot Riley, senior property manager for the Port of San Francisco, indicated that in September 1993 the Port Commission approved a pedicab licensing program. That program has been in place since, and recently for the first time in many years an entity operating under the name of San Francisco Pedicab LLC approached the Port with a request to operate a fleet of 10 pedicabs on Port property. This request led to a review of the overall pedicab program and the need for possible changes.

In the course of reviewing the pedicab program the Port staff noticed that the Harbor Traffic Code is inconsistent with the Port Commission's directive in Resolution 93-128 that authorizes the executive director to issue licenses to pedicab operators.

Article 3, Section 32B of the Harbor Code states that with respect to pedicabs -- "It shall be unlawful for the operator of any vehicle to stop or park in a taxicab or pedicab stand except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands, and the Commission, or its designee may, by license, authorize the operators of designated pedicabs to park or stop in pedicab stands." Note there is no reference to the licensing authority of the executive director mentioned in this language.

In order to make the language consistent with the previously mentioned Port Commission Resolution 93-128, this language should be revised to read: "It shall be unlawful for the operator of any vehicle to stop or park in a taxicab or pedicab stand except that the Commission, by permit, may authorize the operators of designated taxicab vehicles to park or stop in taxicab stands and the Commission or its designee may, by license, authorize the operators of designated pedicabs to park or stop in pedicab stands."

Port staff recommends that the Port Commission adopt the attached proposal and amend the Harbor Code to consistent with Resolution 93-128.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 10-08 was adopted.

C. Informational presentation revising and updating the Port's Pedicab Licensing Program to incorporate current City and Port requirements and create a new queuing site.

Elliott Riley indicated that this is an informational presentation revising and updating the Port's pedicab licensing program to incorporate current city and Port requirements and create one new queuing site.

In September 8, 1993 by resolution the Port Commission approved a pedicab licensing program to address what was then a contentious issue of unregulated pedicab operations on Port property. Resolution 93-128 as amended by Resolution 93-154 provided for fees, routes, regulation and other business terms and authorized the executive director of the Port to execute license agreements with the existing owners of pedicabs who had pedicab permits that had been issued by the San Francisco Police Department.

In addition to the terms of the Port license, the pedicab operators are also subject to regulation under the Harbor Traffic Code, the Police Code, and other city laws. The initial Port program contemplated allowing 40 existing pedicabs to operate on a designated route along the Embarcadero using four queuing stands.

On March 21, 2003 the original pedicab stand locations were revised to include the following pedicab stands: a curb on the Little Embarcadero, the southwest curb of Jefferson and Powell, the curb in front of Pier 1/2 and a curb at the intersection of Townsend and the Embarcadero.

Currently there are three licensees that operate pedicabs on Port property. The number of pedicabs that operate on Port property has dwindled from 40 cabs to 12 cabs. Recently an entity known as San Francisco Pedicab LLC approached the Port and requested permission to operate another 10 pedicabs on Port property. This led to a review of the overall pedicab program and the need for possible change.

Port staff in reviewing this determined that in light of the lack of controversy or problems with this program since its inception and as long as the maximum number of pedicabs allowed to operate is 40, this program should continue as an administrative matter under the executive director's direction. Staff has updated and revised the existing pedicab license form so that it's more consistent with other, similar Port licenses and includes all current city and Port requirements.

Staff has also determined that it's in our best interest to introduce an additional pedicab stand in front of Pier 33 to allow pedicabs to serve the

customers utilizing the Pier 35 cruise terminal as well as those associated with the Alcatraz tour operation at Pier 33½. This will provide additional transportation service and create new revenue opportunities for both the pedicab operators and the Port.
The executive director will consider the license application by San Francisco Pedicab LLC and staff also intends to reissue licenses to the new license format to existing pedicab owners as part of this program.

In summary, it's the intent of the Port to update the format of the existing nonexclusive license to use Port property since this was last visited in March of 2003 for pedicab operations so that the license will contain all of the city and Port requirements and accurately reflect current pedicab operations on Port property.

We intend to use this opportunity to restate existing pedicab routes, queuing sites on Port property, and to expand those routes to include one new queuing site on the curb in front of Pier 33. We want to use this opportunity to require the existing pedicab operators to execute and update the revised license form if they elect to continue to operate pedicabs on Port property, and to issue new pedicab licenses where appropriate.

As previously discussed we want to amend Article 3 Section 32B of the Port Commission Amendment of Harbor Traffic Code to make it consistent with Resolution 93-128.

Commissioner Hardeman asked what kind of liability this creates for the Port. Do licensees have to have insurance?

Elliot Riley replied yes. They fully indemnify and fully insure us. To his knowledge since the inception of this program we have not had a complaint or an incident.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 10-08 was adopted.

14. NEW BUSINESS

Neil Malloch, historian with the California Heritage Council, indicated that in Resolution 10-10 today, it mentioned that San Francisco as one of the top destinations in the world and having a mission of attracting more visitors to the waterfront. He has prepared and produced a picture which addresses both those points. Coincidentally, he didn't the resolution would state this. He could be wrong but in all probability, there's not one person in the city of San Francisco or anywhere else in the world that knows what this is all about except a couple of people. It's a picture taken exactly 100 years ago this winter, and it depicts the steamship Cleveland and a crowd of 20,000 people out at the waterfront at the old Pier 25 which is now the location of Pier 27. Why such a crowd and what was the

occasion? This is the Cleveland, Hamburg-America Line, on what is generally recognized as the first round the world passenger ship voyage. As with any "first" and "most" and "biggest" and "smallest" you can always quibble about details on facts. This ship left New York, sailed east through the Mediterranean, through the Indian Ocean, through East Asia, across the Pacific, arriving in San Francisco. Remember, this is 1910. There was no Panama Canal built yet. It turned around in San Francisco and went all the way back the same way. Many of the passengers who were mostly American got off and took the train back to New York, but it did go back to New York. All the accounts at the time, newspaper articles in San Francisco papers, whole books written on this one trip and general comment say that it was the first round the world cruise.

It was the idea, the Cleveland was built but these four top-hatted gentlemen, Albert Ballin was one of them. He was the greatest shipping magnate of the pre-WWI era. He built the Vaterland and the Imperator and many other great German liners setting off this incredible ocean liner race. The British then built the Mauritania and the Lusitania and finally the Titanic and the Olympic, and they were all racing to build the biggest ships.

20,000 people came in one day to visit this ship in San Francisco. San Francisco was the only destination other than New York in the United States for this trip. In 1922 the Cunard liner Laconia came through the canal for the first round the world voyage -- again, the only port it stopped in was San Francisco. In 1924 Robert Dollar, our own shipping magnate, started the first regularly scheduled round the world passenger service that President Harrison from San Francisco in 1924 started a tradition which continued on for many years after.

We have an incredible maritime history in this city, and he hopes the new Pier 27 cruise terminal will show this material. He already produced a whole set of historical stuff at Pier 35, 30 years ago, but the gallery was never used. We should do a bigger and better exhibit for the oncoming cruise terminal.

President Fong thanked Mr. Malloch for the unexpected tidbit of history.

Commissioner Hardeman indicated that he was at a presentation a couple of weeks ago and one of staff's cruise specialists, Gerry Roybal, explained exactly what Mr. Malloch just explained. If he had seen the name on the ship he might have remembered that name because he did describe the whole history of the cruise industry.

Neil Malloch replied that he gave Gerry a copy of the picture.

Commissioner Michael Hardeman indicated that Gerry's mind picked it up, and he went through the whole presentation just like Neil did.

Deputy Director Byron Rhett mentioned that we have a Pier 70 item at the March 23rd meeting where we will talk about the environmental issues related to Pier 70 and the impact that's going to have on development moving forward. That will also

be an opportunity to provide some additional information on the financial feasibility of the project because that environmental information will impact the financial feasibility. We will be able to answer some of the questions we weren't able to address at the earlier Pier 70 presentation.

15. PUBLIC COMMENT

16. ADJOURNMENT

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Fong adjourned the meeting at 6:20 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
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AGENDA
TUESDAY, MARCH 23, 2010
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

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1. **CALL TO ORDER / ROLL CALL**
2. **APPROVAL OF MINUTES** - March 9, 2010
3. **PUBLIC COMMENT ON EXECUTIVE SESSION**
4. **EXECUTIVE SESSION**

 A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

 (1) PUBLIC EMPLOYEE APPOINTMENT/DISMISSAL/RESIGNATION – This is specifically authorized under California Government Code Section 54957.

 - Consideration and Possible Action on Public Employee's Appointment/ Dismissal/Resignation – Deputy Director of Port.

03-19-10P12:11 RCVD

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: _____Price ____Terms of Payment _X_ Both
The Port Commission found the non-Port parties identified above qualified based on their responses to a Request for Proposals for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. In this executive session, the Port intends to seek direction from the Port Commission on matters that may affect exclusive negotiations now underway.

b. Conference with Real Property Negotiator
Property: AB 4052; 4111, lots 3 and 4; 4110, lot 1; 4046, lots 1 and 2; also known as Pier 70 Master Plan Area, located near the intersection of 20th Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: undetermined

Under Negotiations: _____Price _____Terms of Payment X Both
(i) The Port intends to issue a request for qualifications for the lease and development of a 20-acre portion of the 65-acre Pier 70 site. In this executive session, the Port intends to seek direction from the Commission on the appropriate price and terms of payment for the

property. The Port intends to discuss factors affecting the price and terms of payment such as adjacent land uses, extraordinary conditions of the site and buildings, and the Port's goals and objectives under the Pier 70 Master Plan, but only with respect to the impact of those factors on price and terms of payment. The executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms in its solicitation that are most likely to maximize the benefit of the Port, the City and the People of the State of California and/or to more effectively negotiate with the winning proposer on price and payment terms.

(ii) The Port also intends to issue a request for interest for the lease, rehabilitation, and development of a number of Very Significant historic buildings within the 65-acre Pier 70 site, located near the intersection of 20th Street and Illinois. In this executive session, the Port intends to seek direction from the Commission on the appropriate price and terms of payment for the properties. The Port intends to discuss factors affecting the price and terms of payment such as adjacent land uses, extraordinary conditions of the site and buildings, and the Port's goals and objectives under the Pier 70 Master Plan, but only with respect to the impact of those factors on price and terms of payment. The executive session discussions will enhance the capacity of the Port Commission during its public deliberations and actions to set the price and payment terms in its solicitation that are most likely to maximize the benefit of the Port, the City and the People of the State of California and/or to more effectively negotiate with the winning proposer(s) on price and payment terms.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting

room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report
- Earth Hour – March 27, 2010 at 8:30 p.m.
- Salmon Summit – April 1, 2010 from 10 a.m. to 1 p.m. at Fort Mason Center
- Grand Opening of Chef Russell Jackson's LAFITTE Restaurant, located at Pier 5 – April 6, 2010

8. CONSENT

A. Request approval to consent to Blue and Gold Fleet, L.P. three (3) subleases and one (1) sublicense located at Pier 41 on the Embarcadero near the foot of Powell Street: (1) Sublease to Image Arts for a five year term (Resolution No. 10-16); (2) Sublease to Two Eagles Corporation for a five year term (Resolution No. 10-17); (3) Sublease to Ben & Jerry's Outpost for a four year and eight month term (Resolution No. 10-18); and (4) Sublicense to Blazing Saddles Bike Rental for a month–to-month license. (Resolution No. 10-19).

B. Consent to additional time for public comment on the February, 2010 Edition of the 2008 Port Building Code due to changes made since initial Public Comment Period.

9. PLANNING AND DEVELOPMENT

A. Informational presentation regarding Environmental Investigation in the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets.

10. NEW BUSINESS

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that

public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational presentation on Pier 27 Cruise Terminal and Open Space Project (April 13, 2010)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a five-year restaurant lease for premises located at 2890 Taylor Street (April 13, 2010)
- Request authorization to issue a development solicitation for the Pier 70 Project (April 13, 2010)
- Request authorization to issue RFP for Hazardous Building Materials Assessment and Related Consulting Services at Pier 70 (April 13, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (April 13, 2010)
- Request authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project (April 13, 2010)
- Request for authorization to execute an agreement with the U.S. Army Corps of Engineers for environmental review, design, and construction services related to the proposed Brannan Street Wharf project for an estimated not-to-exceed amount of $2,350,000 (April 13, 2010)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (April 13, 2010)
- Request adoption of the Port's Maritime Excursion Lease Renewal Policy (April 13, 2010)
- Informational presentation regarding proposed increases to ferry and excursion landing fees (April 27, 2010)
- Request adoption of the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions (April 27, 2010)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (May 11, 2010)
- Informational Update on Retail Leasing Policy (Date to be determined)
- Request approval of an amendment to the Rincon Park maintenance agreement (Date to be determined)
- Request approval of the conceptual design for the Heron's Head Park Entrance Expansion/Improvement Project (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)

- Request authorization to enter into the Hunters Point/Candlestick Point Title Settlement, Public Trust Exchange and Boundary Line Agreement with the San Francisco Redevelopment Agency for Port property in the vicinity of Candlestick Point, and Consent to the Interagency Cooperation Agreement for the integrated development at Candlestick Point and Phase 2 of the Hunters Point Shipyard (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM MARCH 5 to 18, 2010:

- From Andy Thornley, letter of support to save and restore the Bluepeter Building
- From Janet Carpinelli, letter of support to save and restore the Bluepeter Building
- From Ralph Wilson, letter of support to save and restore the Bluepeter Building
- From David Siegel, letter of support to save and restore the Bluepeter Building
- From Peter Rudolfi, letter of support to save and restore the Bluepeter Building
- From Dick Millet, letter of support to save and restore the Bluepeter Building
- From Kristine Enea, letter of support to save and restore the Bluepeter Building
- From Timothy Dick, regarding America's Cup

APRIL 2010
CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Apr. 13	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
Apr. 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:
The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

March 16, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval to Consent to Blue and Gold Fleet, L.P. three subleases and one sublicense at Pier 41 located on the Embarcadero near the foot of Powell Street; (1) Sublease to Image Arts for a five year term, (2) Sublease to Two Eagles Corporation for a five year term, (3) Sublease to Ben & Jerry's Outpost for a four year and eight month term and (4) Sublicense to Blazing Saddles Bike Rental for a month–to-month license.

DIRECTOR'S RECOMMENDATION: Consent to Subleases and Sublicense

BACKGROUND

The Port of San Francisco ("Port") and Harbor Carriers, Inc., a California corporation (Prior Tenant) entered into Lease No. L-9183 ("Master Lease") as of May 1, 1975. Harbor Carriers Inc. changed its name to Red and White Fleet, Inc. and subsequently assigned its rights under the Master Lease to Blue and Gold Fleet, L.P. ("Tenant"), a Delaware Limited Partnership. The Master Lease, as amended, requires the consent of the Port Commission for any sublease by Tenant. Tenant is required to provide specific information to enable the Port to evaluate proposed subleases and prospective subtenants and sublicenses.

PROPOSED SUBLEASES AND SUBLICENSE

Recently it has come to Port's attention that there are a number of undocumented subtenants and sublicense at the Blue and Gold facility. Subsequently, tenant has submitted three subleases and one sublicense and is seeking the Port Commission's consent to the terms and conditions set forth below.

1. Subtenant: Two Eagles Corporation dba Image Arts, a California corporation.

This Print Covers Calendar Item No. 8A

Subleased Premises: Approximately 3,070 square feet, known as the Gift Shop, with a location, size and shape as shown on Exhibit A attached hereto. Currently the Gift Shop is occupied by Alcatraz Enterprises, a California corporation; its sublease agreement is on a month-to-month basis and is being terminated by Tenant on the effective date of the consent.

Permitted Use: Retail sale of gifts, souvenirs, related apparel and packaged snack food.

Term: The term shall commence five (5) days following the effective date of the consent and expire one (1) day short of the expiration date of the Master Lease (March 31, 2015).

Rent: Subtenant shall pay to Tenant minimum monthly rent of $7,500.00; Subtenant shall also pay to Tenant percentage rent equal to 17% of the gross receipts each month less the minimum monthly rent during such month.

2. Subtenant: Two Eagles Corporation, a California Corporation.

Subleased Premises: Approximately 444 square feet, known as the Snack Bar, with a location, size and shape as shown on Exhibit A attached hereto. Currently, the Snack Bar is occupied by Patricia Conklin, an individual; her license agreement is on a month-to-month basis and is being terminated by Tenant on the effective date of the consent.

Permitted Use: Operation of a snack bar business consisting of offering food and beverages at the mutual agreed selling prices between Subtenant and Tenant.

Term: The term shall commence five (5) days following the effective date of the consent and expire one (1) day short of the expiration date of the Master Lease (March 31, 2015).

Rent: Subtenant shall pay to Tenant minimum monthly rent of $2,000.00; Subtenant shall also pay to Tenant percentage rent equal to 18% of the gross receipts each month less the minimum monthly rent during such month.

3. Subtenant: Chatzka, Inc. dba Ben & Jerry's Outpost, a California Corporation.

Subleased Premises: Approximately 391 square feet, known as the Ice Cream Stand, with a location, size and shape approximately shown on Exhibit A attached hereto.

Permitted Use: Operation of an ice cream and beverage stand.

Term: The term of the Sublease began on June 1, 1991. On October 1, 2009, by a Fourth Amendment, the term was extended by Tenant to November 30, 2014. The Port's consent will be effective only as of the date the Port executes the consent.

Rent: Subtenant shall pay to Tenant minimum monthly rent of $3,800.00; Subtenant shall also pay to Tenant percentage rent equal to 17% of the gross receipts each month less the minimum monthly rent during such month.

4. Sublicensee: American Scooter & Cycle Rental, Inc., dba Blazing Saddles Bike Rental, a California Corporation.

 Licensed Area: Approximately 430 square feet, known as the Bicycle Rental, with a location, size and shape approximately shown on Exhibit A attached hereto.

 Permitted Use: Operation of a retail bicycle rental business and retail sales of Tee-shirts and other soft goods on a month-to-month basis.

 Term: The term shall commence five (5) days following the effective date of the consent and can be terminated by either party to the License by providing a 30-day written notice to the other party.

 License Fee: Sublicensee shall pay to Tenant minimum monthly license fee of $4,000.00; Sublicensee shall also pay to Tenant percentage rent equal to 22% of the gross receipts of Sublicensee each month less the minimum monthly license fee during such month.

There is no excess rent provision under the Master Lease; Tenant includes all rent collected from Subtenants and Sublicensee as part of its gross receipts. Other revenue in the gross receipts includes ferry ticket sales, land tour sales, snack bar sales on the vessels and commission from ATM and telescopes.

CEQA

The proposed subleases and sublicense are existing uses, so they are exempt from the California Environmental Quality Act ("CEQA") under the General Rule Exclusion from City Planning Major Environmental Analysis Division.

BCDC Permit

Tenant is in full compliance with the San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76, which has been extended to December 31, 2012 by Amendment No. 10. The proposed subleases and sublicense do not involve significant improvements and do not affect the existing BCDC permit.

FINANCIAL ANALYSIS

Pursuant to the Master Lease, Port receives the greater of the minimum monthly rent or a percentage of all gross receipts derived from each calendar month from the Tenant. Currently, Blue and Gold's minimum monthly rent is $25,767.34 and the rate of the percentage rent varies from 7% to 10% depending upon categories. Tenant is subject to a five-year rent adjustment in accordance with increases in Consumer Price Index ("CPI"); the next rent adjustment will be on April 1, 2010 and the minimum monthly rent will be approximately $28,000.00.

Tenant's annualized rent for year 2009 was approximately $500,000.00. Except for the months of January, February and December 2009, Tenant's gross receipts exceeded the minimum monthly rent. The highest percentage rent due to Port was approximately $75,000.00 for the month of July 2009 and the lowest percentage rent due to Port was $780.00 for the month of November 2009.

Blue and Gold has been a Port tenant for over 12 years. Blue and Gold is a tenant in good standing with one exception: the Subleases and Sublicense described above were not previously presented to the Port for its consent as required by the Master Lease. If the Port Commission approves these subleases and sublicense, Blue and Gold will be a Tenant in good standing.

CONCLUSION

Port staff has reviewed the proposed subleases, sublicense, insurance certificates and required specific information, including but not limit to, financial statements, balance sheets, legal ownership, and business and credit references. In conclusion, Port staff believes that the proposed subtenants and sublicensee meet the Master Lease requirements and Port standard practice.

Port staff has drafted the necessary documents and they have been reviewed by the City Attorney's office and signed by tenant, subtenants and sublicensee. The subtenants and sublicensee shall be bound by all of the terms, covenants, conditions, provision and agreements of the Master Lease.

RECOMMENDATION

Port staff recommends that the Port Commission: (1) consent to each of the proposed Subleases and Sublicense affected by the Master Lease No. L-9183; and (2) authorize the Executive Director or her designee to execute said Consent to Subleases and Sublicense.

Prepared by: Vicky Lee
Commercial Property Manager

For: Susan Reynolds
Deputy Director, Real Estate

Tenant's annualized rent for year 2009 was approximately $500,000.00. Except for the months of January, February and December 2009, Tenant's gross receipts exceeded the minimum monthly rent. The highest percentage rent due to Port was approximately $75,000.00 for the month of July 2009 and the lowest percentage rent due to Port was $780.00 for the month of November 2009.

Blue and Gold has been a Port tenant for over 12 years. Blue and Gold is a tenant in good standing with one exception: the Subleases and Sublicense described above were not previously presented to the Port for its consent as required by the Master Lease. If the Port Commission approves these subleases and sublicense, Blue and Gold will be a Tenant in good standing.

CONCLUSION

Port staff has reviewed the proposed subleases, sublicense, insurance certificates and required specific information, including but not limit to, financial statements, balance sheets, legal ownership, and business and credit references. In conclusion, Port staff believes that the proposed subtenants and sublicensee meet the Master Lease requirements and Port standard practice.

Port staff has drafted the necessary documents and they have been reviewed by the City Attorney's office and signed by tenant, subtenants and sublicensee. The subtenants and sublicensee shall be bound by all of the terms, covenants, conditions, provision and agreements of the Master Lease.

RECOMMENDATION

Port staff recommends that the Port Commission: (1) consent to each of the proposed Subleases and Sublicense affected by the Master Lease No. L-9183; and (2) authorize the Executive Director or her designee to execute said Consent to Subleases and Sublicense.

Prepared by: Vicky Lee
Commercial Property Manager

For: Susan Reynolds
Deputy Director, Real Estate

PORT COMMISSSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-16

WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, in 1975, the Port executed Lease No. L-9183 for real property at Pier 41, located on the Embarcadero near the foot of Powell Street which Lease is currently held by Blue and Gold Fleet, L.P. as Tenant ("Lease"); and

WHEREAS, the Lease commenced on May 1, 1975, and terminates on March 31, 2015; and

WHEREAS, Blue and Gold Fleet, L.P. has proposed to sublet a portion of its interest in the Lease to Image Arts; and

WHEREAS, the Lease subjects any transfer of the Lease including, without limitation, the proposed sublease by Blue and Gold Fleet, L.P. to Image Arts with the consent of the Port Commission; and

WHEREAS, the proposed sublease is exempt from the California Environmental Quality Act ("CEQA") and does not affect the existing San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76 ; and

WHEREAS, upon adoption of this Resolution, Blue and Gold Fleet, L.P. will be a tenant in good standing and Image Arts has the financial wherewithal and can otherwise meet the obligations of the Lease; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby consents to the Sublease by Blue and Gold Fleet, L.P. of a portion of Lease No. L-9183 to Image Arts on the terms and conditions described in the Memorandum to the Port Commission dated March 16, 2010; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a Consent to Sublease or other agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 2010.

Secretary

PORT COMMISSSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-17

WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, in 1975, the Port executed Lease No. L-9183 for real property at Pier 41, located on the Embarcadero near the foot of Powell Street which Lease is currently held by Blue and Gold Fleet, L.P. as Tenant ("Lease"); and

WHEREAS, the Lease commenced on May 1, 1975, and terminates on March 31, 2015; and

WHEREAS, Blue and Gold Fleet, L.P. has proposed to sublet a portion of its interest in the Lease to Two Eagles Corporation; and

WHEREAS, the Lease subjects any transfer of the Lease including, without limitation, the proposed sublease by Blue and Gold Fleet, L.P. to Two Eagles Corporation with the consent of the Port Commission; and

WHEREAS, the proposed sublease is exempt from the California Environmental Quality Act ("CEQA") and does not affect the existing San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76 ; and

WHEREAS, upon adoption of this Resolution, Blue and Gold Fleet, L.P. will be a tenant in good standing and Two Eagles Corporation has the financial wherewithal and can otherwise meet the obligations of the Lease; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby consents to the Sublease by Blue and Gold Fleet, L.P. of a portion of Lease No. L-9183 to Two Eagles Corporation on the terms and conditions described in the Memorandum to the Port Commission dated March 16, 2010; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a Consent to Sublease or other agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 2010.

Secretary

PORT COMMISSSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-18

WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, in 1975, the Port executed Lease No. L-9183 for real property at Pier 41, located on the Embarcadero near the foot of Powell Street which Lease is currently held by Blue and Gold Fleet, L.P. as Tenant ("Lease"); and

WHEREAS, the Lease commenced on May 1, 1975, and terminates on March 31, 2015; and

WHEREAS, Blue and Gold Fleet, L.P. has proposed to sublet a portion of its interest in the Lease to Ben & Jerry's Outpost; and

WHEREAS, the Lease subjects any transfer of the Lease including, without limitation, the proposed sublease by Blue and Gold Fleet, L.P. to Ben & Jerry's Outpost with the consent of the Port Commission; and

WHEREAS, the proposed sublease is exempt from the California Environmental Quality Act ("CEQA") and does not affect the existing San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76 ; and

WHEREAS, upon adoption of this Resolution, Blue and Gold Fleet, L.P. will be a tenant in good standing and Ben & Jerry's Outpost has the financial wherewithal and can otherwise meet the obligations of the Lease; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby consents to the Sublease by Blue and Gold Fleet, L.P. of a portion of Lease No. L-9183 to Ben & Jerry's Outpost on the terms and conditions described in the Memorandum to the Port Commission dated March 16, 2010; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a Consent to Sublease or other agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 2010.

Secretary

PORT COMMISSSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-19

WHEREAS, Charter Section B3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section B3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, in 1975, the Port executed Lease No. L-9183 for real property at Pier 41, located on the Embarcadero near the foot of Powell Street which Lease is currently held by Blue and Gold Fleet, L.P. as Tenant ("Lease"); and

WHEREAS, the Lease commenced on May 1, 1975, and terminates on March 31, 2015; and

WHEREAS, Blue and Gold Fleet, L.P. has proposed to sublicense a portion of its interest in the Lease to Blazing Saddles Bike Rental; and

WHEREAS, the Lease subjects any transfer of the Lease including, without limitation, the proposed sublicense by Blue and Gold Fleet, L.P. to Blazing Saddles Bike Rental with the consent of the Port Commission; and

WHEREAS, the proposed sublicense is exempt from the California Environmental Quality Act ("CEQA") and does not affect the existing San Francisco Bay Conservation and Development Commission ("BCDC") permit No. 18-76 ; and

WHEREAS, upon adoption of this Resolution, Blue and Gold Fleet, L.P. will be a tenant in good standing and Blazing Saddles Bike Rental has the financial wherewithal and can otherwise meet the obligations of the Lease; now, therefore, be it

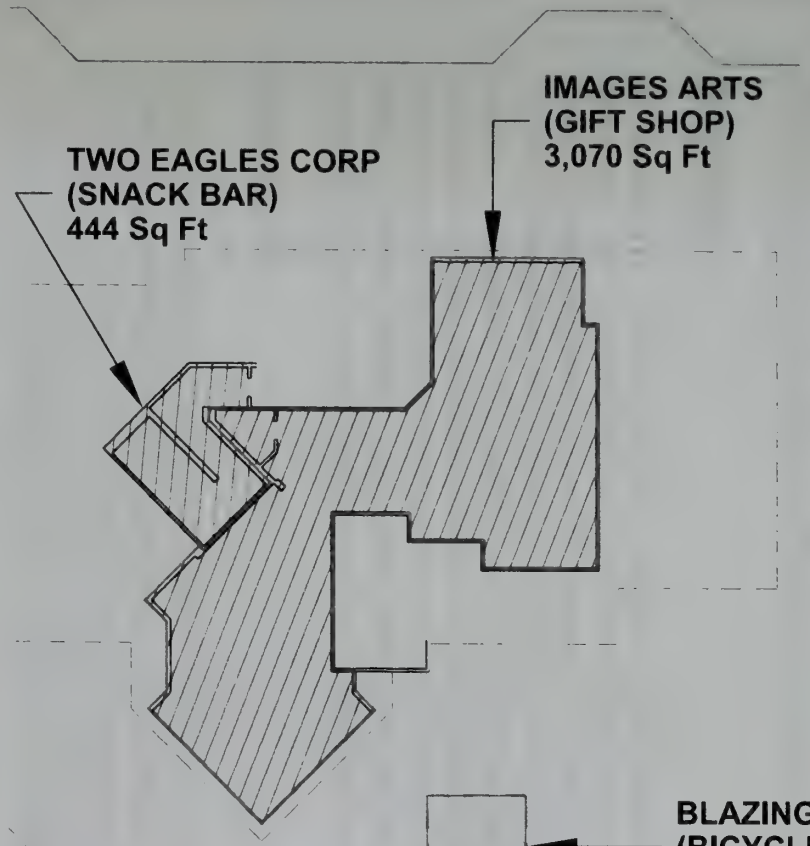
RESOLVED, that the San Francisco Port Commission hereby consents to the Sublicense by Blue and Gold Fleet, L.P. of a portion of Lease No. L-9183 to Blazing Saddles Bike Rental on the terms and conditions described in the Memorandum to the Port Commission dated March 16, 2010; and be it further

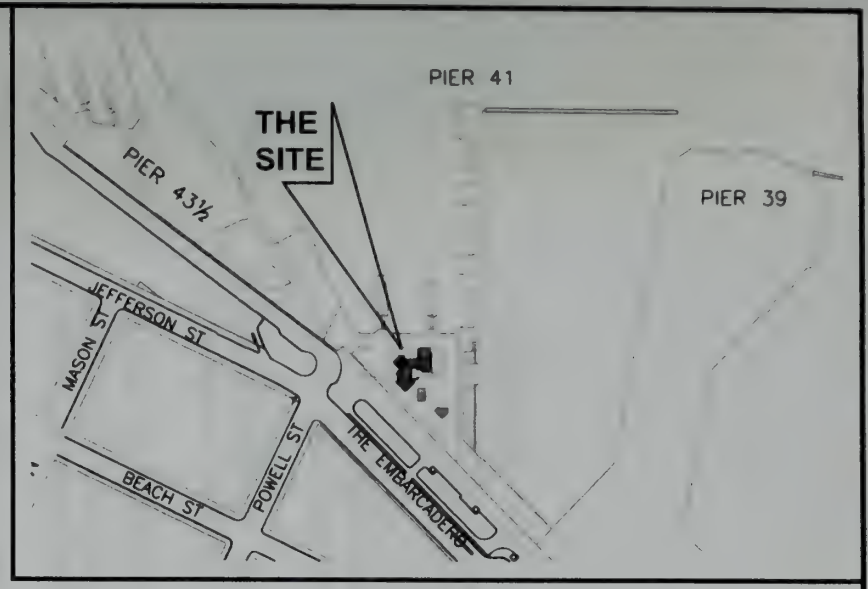
RESOLVED, that the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution including the execution of a Consent to Sublicense or other agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 23, 2010.

Secretary

EXHIBIT A





LOCATION PLAN
NO SCALE





BLAZING SADDLES BIKE RENTAL
(BICYCLE RENTAL)
430 Sq Ft



BEN & JERRY'S OUTPOST
(ICE CREAM STAND)
391 Sq Ft

G:\06 PROPERTY FILES\Lease Maps\EXHIBITS-PIERS/Pier41,41.5/Pier 41-BLUE & GOLD SUBLEASES.dwg

PORT OF SAN FRANCISCO

MEMORANDUM

March 16, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Consent to additional time for public comment on the February, 2010 Edition of the 2008 Port Building Code due to changes made since initial Public Comment Period.

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

Introduction

On January 12, 2010, Port staff made an informational presentation on the proposed February, 2010 Edition of the 2008 Port of San Francisco Building Code (Building Code). After presentation, the February, 2010 Edition of the Building Code was posted on the Port internet and made available at the Port's Pier 1 office for a 30-day public review. Thereafter, Port staff determined that the draft Building Code presented in January required additional revisions to incorporate clarifications and limitations on the scope of administrative appeals to the Port Building Code Review Board (Port Review Board). Those revisions have been made and the final draft of the code amendments is now ready to be posted for an additional 30-day public review period.

Background

The proposed February, 2010 Edition of the 2008 Building Code contains revisions, corrections of errata, and upgrades that will improve and clarify the administrative provisions of Chapter 1A of the code which regulates construction. The proposed code revisions also incorporate provisions for environmental protection and management that are similar to City ordinances for dust control and stormwater control. New provisions

This Print Covers Calendar Item No. 8B

for stormwater control are necessary to ensure compliance with Clean Water Act permits administered by the Port and the San Francisco Public Utilities Commission. New provisions for dust control are necessary to protect public health and ensure consistency with requirements for other City construction projects. The Building Code revisions also incorporate provisions for floodplain management derived from the City and County of San Francisco Floodplain Management Ordinance which provides the Port with regulatory authority, specifies Interim Flood Plan Maps, and sets forth the grounds for permit variances from requirements for new construction and substantial improvements of existing facilities in identified flood prone areas.

The Final Draft of the February, 2010 Edition of the 2008 Building Code now includes corrections to some grammatical errors in the prior edition, and substantive edits to clarify and limit the scope of administrative appeals to the Port Building Code Review Board (Port Review Board) as specified in Chapters 1A and 34. Under the prior edition of the 2008 Building Code and Port Commission Resolution No. 07-70 (which appointed members of the Port Building Code Review Board), the authority of the Port Review Board was not clearly stated or limited. Commission Resolution No. 07-70 stated that the Port Review Board had complete power to hear and determine appeals of building permit decisions of the Chief Harbor Engineer, and to "affirm, modify, or overrule" staff's actions. However, it is staff's recommendation to reasonably limit the Port Review Board's appellate authority to the review of Chief Harbor Engineer's building permit and code decisions for any error, and to reverse such decisions only upon a finding of error. Accordingly, the February, 2010 Edition of the 2008 Building Code incorporates this clarification and limitation to the Port Review Board's authority.

The new Port Building Code amendments also clarify that the Port Review Board shall not have the authority to waive any requirements of the building code.

Funding

There are no funding requirements for publishing the February, 2010 Edition of the 2008 Building Code. Staff plans to maintain an updated copy on the Port's internet web page and to make copies of the Code available to the public at the Engineering Building Permit Desk.

Schedule

To provide notice to the public, Port staff posted notification of the Port's intent to adopt the February, 2010 Edition of the 2008 Port of San Francisco Building Code and copies of the draft code on the internet site and at the Engineering Division's Permit Desk for public review and comment. In addition, an advertisement was posted in the San Francisco Chronicle, a local newspaper, from January 15 to February 15, 2010. The public was invited to comment with a deadline of 5:00 P.M. February 12, 2010. Staff provided a Project Description for Port's Planning & Development's CEQA review process and received a signed CEQA categorical exemption for the code amendments.

Following the above process, Engineering has created and will publish a Final Draft of the proposed February, 2010 Edition of the 2008 Port of San Francisco Building Code

on the Port's internet site and will provide a copy of the Final Draft at Engineering's Permit Desk from March 24 to April 22, 2010. In addition an advertisement will be posted in the San Francisco Chronicle, a local newspaper, announcing the publication and availability of the final draft for public review and comment with a deadline of 5:00 P.M. April 19, 2010.

Therefore, upon conclusion of the scheduled posting period, staff intends to request authorization from the Port Commission to file with the state Building Standards Commission, the Port's modifications to the 2007 State Building Standards Codes, and the local findings that support such modifications to the state building code and to request that the Port Commission repeal the existing 2008 Port Building Code and adopt the February, 2010 Edition of the Port of San Francisco Building Code, with an effective date of April 27, 2010.

Summary

The adoption of the February, 2010 Edition of the Port of San Francisco Building Code will provide the Port with authority and regulations necessary to protect the environment in a manner that is consistent with federal and City requirements while being particular to the Port's specific local climatic, geographical, and topographical conditions and it will improve the administrative aspects through limiting the scope of adjudicatory appeals, incorporating editorial corrections, and simplifying regulations for permit processing.

Prepared By: John Aires,
Senior Building Inspector

For: Edward F. Byrne,
Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

March 18, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation Regarding Environmental Investigation in the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets.

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

INTRODUCTION

Pier 70, the historic Bethlehem Steel Shipyard, is a 65-acre site on San Francisco's Central Waterfront just south of Mission Bay, bounded generally by Mariposa Street to the north, Illinois Street to the west, 22nd Street to the south and San Francisco Bay, to the east. Since early 2007, Port staff, consultants, community advisory group members and stakeholders have been developing a Preferred Master Plan (Plan) for Pier 70. At the Port Commission's meeting on March 9, 2010, Port staff presented proposed revisions to the Draft Plan, which resulted from extensive public review and comment. The completed Plan will be available in April 2010.

The Plan presents a vision for development at Pier 70 that would balance the needs of the ongoing ship repair operations, preserve historic resources, create new waterfront parks and a new jobs center in a financially and environmentally sustainable manner. One of the key goals of the Plan is to preserve and rehabilitate Pier 70's extraordinary collection of historic buildings.

Throughout the planning process, it has been clear that reducing development uncertainty is essential to the success of the project. In an effort to reduce uncertainly about environmental conditions and their impact on development feasibility and cost,

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the Port obtained funding for, and has undertaken environmental investigation of the Pier 70 Master Plan area. This informational presentation provides an update on the progress of environmental investigation completed to date and our plans for subsequent phases of investigation.

BACKGROUND

Portions of Pier 70 were formerly occupied by the United States Navy for ship building and related industrial operations which had the potential to impact soil and groundwater. In 2007, the Port and Mayor Gavin Newsom's Office requested funding from the Department of Defense for environmental investigation and cleanup at Pier 70. The Department of Defense FY2008 budget included $2.4 million for environmental investigation and cleanup at Pier 70, to be administered through the Department of Commerce, Economic Development Administration (EDA).

Port staff submitted a pre-application for funding assistance to EDA in March 2008 and a full application (upon invitation from EDA) in June 2008. In October 2008, EDA awarded the Port a $2.28 million grant to conduct environmental investigation and cleanup, including:

1. Soil, groundwater, soil gas, and geotechnical sampling and analysis.
2. Risk assessment, feasibility study of potential remedial actions, and risk management planning for future development.
3. Identification of hazardous building materials, such as asbestos and lead-based paint.
4. Removal or abatement of hazardous building materials.

The EDA award of $2.28 million to the Port is reduced from the Department of Defense budget amount of $2.4 million to the awarded amount of $2.28 million in order to cover EDA administration costs. EDA requires a ten percent (10%) non-federal match, which will come from Port operating budget funds allocated for this purpose.

In March 2009, after completing a competitive selection process, the Port awarded a contract to Treadwell & Rollo, Inc. for $1,249,802 to characterize soil, groundwater, and soil gas throughout the 65-acre site, assess human health and environmental risk based on findings, evaluate potentially feasible remedial alternatives to address contamination, and develop a risk management plan to inform current and future site use, construction, development and long-term management. This contract covers essentially the first two components of the above-listed work to be conducted with EDA funds, and is generally referred to as "environmental site investigation."

PROGRESS OF ENVIRONMENTAL SITE INVESTIGATION

Regulatory Agency Oversight: Investigation and cleanup of brownfields[1] are generally overseen by one of two agencies within the State of California Environmental Protection Agency (CalEPA): the Department of Toxic Substances Control or the Regional Water Quality Control Board (Water Board). The two agencies have a memorandum of agreement regarding assignment of regulatory oversight to ensure that investigation and cleanup of brownfields is effective, protective of public health and the environment, and consistent between the two agencies. In May 2009, the Port applied to CalEPA for regulatory oversight of the environmental investigation at Pier 70. The Port's application was evaluated with respect to the criteria in the memorandum of agreement and the project was assigned to the Water Board's Site Cleanup Program.

The City and County of San Francisco Department of Public Health (DPH), Bureau of Environmental Health Management, Local Oversight Program is responsible for implementing Article 22A of the San Francisco Health Code. Article 22A regulates pre-construction testing of potentially contaminated soil and groundwater within certain portions of the city, and management of contaminated soil during site preparation, construction, redevelopment and reuse. DPH assigned a Senior Environmental Health Inspector to oversee the Port's site investigation, risk assessment, and risk management planning for Pier 70.

Development of a Site Conceptual Model and Site Investigation Work Plan: The Port and Treadwell & Rollo, with Water Board and DPH input, began by reviewing existing information to develop a "site conceptual model"[2] and proposed work plan for the field investigation.

In June 2009, Water Board, Port, and Treadwell & Rollo staff developed a Fact Sheet (Attachment 1) describing the proposed environmental investigation and announcing a public meeting. The Fact Sheet was mailed and/or emailed to hundreds of potentially interested parties, including the Port's Central Waterfront Advisory Group, Southern Waterfront Advisory Committee, members of the public who had registered as interested in either of those advisory groups or the Pier 70 master planning process, and all property owners within 500 feet of the perimeter of the area to be investigated. Water Board, Port, and Treadwell & Rollo staff presented the proposed work plan to a meeting of the Potrero Hill Boosters on June 30, 2009.

The *Work Plan for Environmental Site Investigation* (Treadwell & Rollo, 10/29/09) presents the initial site conceptual model, and proposed sampling locations and analyses for soil, groundwater, and soil gas, rationale for selection of locations and analyses, and description of field activities. The site conceptual model considered

[1] The Federal Brownfields Act defines a "brownfield" as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence of a hazardous substance, pollutant, or contaminant".

[2] A "site conceptual model" is a conceptual framework for the environmental investigation based on existing physical and chemical data, site setting, potential contaminant sources, and future site use. It identifies the sources of contamination, potentially contaminated media (i.e. soil, groundwater) and potentially impacted receptors (workers, visitors, aquatic organisms).

sources of contamination at Pier 70, such as historic shipbuilding, maintenance and repair activities, former fuel storage in aboveground and underground tanks, and the fill material used to construct the land itself. The site conceptual model also considers the physical conditions of the site, and the potential exposure pathways through which people or organisms could be exposed to hazardous constituents. Based on the findings to date, Port staff and Treadwell & Rollo have updated the site conceptual model, which is illustrated in Figure 1.

The Work Plan presents proposed locations for the first phase of sampling soil, groundwater and soil gas. These locations were selected based on gaps in existing information, historic uses in different areas of the site, and the potential for contaminants to impact anticipated future construction activities or reuse.

Field Activities for Site Investigation: The field activities that comprise the site investigation have proceeded in phases. Sampling has included drilling to collect soil, groundwater, and soil vapor samples for laboratory analysis, installation and sampling of groundwater monitoring wells, and limited excavation of small "pot holes", also referred to as "test pits" for sampling and visual examination of fill material. At the time of writing this report, Treadwell & Rollo has collected 187 soil samples from 92 locations, groundwater "grab samples" (from a soil boring rather than a groundwater monitoring well) from 24 locations, soil gas samples from 33 locations, and have installed and sampled 8 groundwater monitoring wells.

Preliminary Findings from Investigation Completed to Date: The Port and its consultants are still collecting samples, receiving data from the laboratories, and evaluating results relative to background conditions and applicable screening levels. However, the following general findings and conclusions can be drawn from results obtained to date:

1. In the southeast portion of the site, serpentine bedrock is encountered at depths ranging from 28-30 feet below ground near the shoreline to increasingly shallow depths moving west to east. The bedrock is quite shallow, 4-6.5 feet below ground surface, through virtually all of Parcel 5 and most of Parcel 6. See Figure 2.

2. Metals, including arsenic, cadmium, chromium, copper, lead, mercury, vanadium, and zinc, and naturally-occurring asbestos are present in soil throughout the site at concentrations exceeding environmental screening levels[3]. Naturally-occurring asbestos and certain metals (e.g. chromium, nickel) are components of serpentine rock, which forms the bedrock beneath the site and the rock bluffs that were the historic shoreline. Concentrations of these constituents found in soil at Pier 70 are likely to be significantly attributable to the presence of native serpentine rock in the fill material rather than primarily attributable to contamination from hazardous materials formerly used at the site. The concentrations of metals found in soil at Pier

[3] "Environmental screening levels" are concentrations of various contaminants in soil, groundwater, and soil gas, under various physical (e.g. shallow vs. deep) and land use scenarios (e.g. commercial/industrial vs. residential, groundwater as a potential drinking water source or not). These screening levels are used by the CalEPA agencies as a tool for evaluating risk and identifying contaminants of potential concern.

70 are within the range of those found in fill soils[4] throughout the Port or other filled land in San Francisco, such as the Mission Bay area.

3. Polycyclic aromatic hydrocarbons (PAHs) are associated with a wide variety of industrial operations, and are the primary component of manufactured gas plant waste[5]. PAHs are present in soil throughout Pier 70 at concentrations that exceed applicable standards. PAHs are also ubiquitous in soil at Pier 70. The concentrations of PAHs at Pier 70 are within the range of concentrations commonly found in waterfront fill.

4. Volatile organic compounds (VOCs) in groundwater and soil gas are generally below applicable screening levels established for evaluating risk of vapor intrusion into indoor air, if buildings are constructed over contaminated land. There is a small area near Building 36 where elevated benzene in soil gas warrants further investigation (see Figure 2). The Water Board is preparing to issue new screening levels for soil vapor soon, which may impact interpretation of VOC data.

5. Soil and groundwater sampling within the portion of Pier 70 occupied by BAE Systems San Francisco Ship Repair (BAE) encountered oily residue in soil, and in some samples, as a separate phase in groundwater. It is a highly degraded viscous oily material which does not appear to be very volatile or soluble in groundwater, as evidenced by the absence or low concentrations of dissolved total petroleum hydrocarbons, VOCs, and PAHs in groundwater samples collected from nearby monitoring wells. VOC concentrations in soil gas samples collected in the vicinity are negligible. Treadwell & Rollo has collected additional samples of this oily material and submitted them for analysis of its physical properties. The physical property parameters, along with sampling results from monitoring wells recently installed at the shoreline, will provide information that can be used to assess the potential for the oily residue encountered within the BAE leasehold to migrate to the shoreline and into the bay.

6. Sampling soil and groundwater in the southeast portion of Pier 70, adjacent to the Potrero Power Plant found slightly elevated concentrations of PAHs in shallow soil (to approximately 5 feet below ground surface). PG&E also provided results from soil borings installed during their investigation of contamination associated with former power plant operations that has migrated from the Potrero Power Plant north beneath Pier 70. Those samples contained very high concentrations of PAHs, which increased with depth. The highest concentrations were found in the deepest samples, at 20 feet below ground surface. These findings informed PG&E's assessment of the extent that "dense non-aqueous liquid" has migrated onto Port property (see Figure 2).

[4] Soil comprised primarily of fill material historically placed in the bay to construct new waterfront land.

[5] Until the early 1900, petroleum combustion in "manufactured gas plants" was used to produce "town gas", a natural gas-like product that was used for heating and lighting. PAHs occur naturally in coal and crude oil, and are present in high concentrations in byproducts of petroleum combustion, referred to as "coal tar" or "manufactured gas plant waste".

The environmental investigation project that is underway includes development of a Risk Management Plan, which will establish institutional controls (e.g. use restrictions, health and safety plans) and engineering controls (e.g. capping) appropriate for management of residual contamination, as described below. It is likely that future development will cover existing site soil with buildings, streets, plazas, hardscape, or new landscaping, thereby minimizing or eliminating exposure to contaminants in soil. Although data collection and interpretation are still underway, and the subsequent risk assessment is essential to drawing conclusions about the impact of contaminants of current and future uses of Pier 70, preliminary findings do not suggest significant potential for risk to current site occupants or visitors, or a need for soil or groundwater remediation that would substantially, adversely impact the feasibility of future development as envisioned in the Plan.

NEXT STEPS IN ENVIRONMENTAL SITE INVESTIGATION

Finish data collection: During April 2010, Treadwell & Rollo will complete the field activities by collecting 13 more groundwater monitoring well samples, sampling from six soil gas probes, drilling two more geotechnical soil borings, and excavating up to six additional exploratory test pits.

Human health and ecological risk assessment: The Port's consultant team will complete a human health and screening-level ecological risk assessment using data from previous investigations as well as data from the current investigation. The risk assessment will identify contaminants of concern and exposure pathways. The goal is to identify potential risks under current conditions, during future site development and construction activities, and under anticipated future land use.

Site Investigation and Risk Assessment Report: The findings will be presented in a combined *Site Investigation and Risk Assessment Report* (Report). The consultant team will prepare a draft for regulatory agency and public review and comment. Issuance of the draft report is anticipated in May 2010. The draft will be presented to stakeholders in a public meeting, and revised as needed to address comments, prior to returning to the Port Commission this summer with a presentation on the review process, resultant comments, and final document. The final Report will include general recommendations regarding the need for remediation, and/or recommend development and implementation of risk management measures. Risk management measures will be developed in a subsequent task and presented in a separate document.

Evaluate Feasibility of Remedial Alternatives: Depending on the findings of the risk assessment, environmental conditions may warrant remediation in some areas, or may be appropriately managed in place through implementation of construction, management, and maintenance measures to mitigate potential risks associated with contaminants at the site. The feasibility evaluation will consider potentially applicable remediation alternatives with respect to effectiveness in achieving cleanup goals, consistency with development objectives, cost, and duration. These alternatives may include institutional controls (e.g. deed restrictions, soil management measures) and/or engineering controls (e.g. capping soil, including vapor intrusion barriers in new

construction) to manage potential health risks. Issuance of the *Feasibility Study Report* is scheduled for Fall 2010.

Risk Management Plan: Based on the findings and recommendations of the investigation and risk assessment, and regulatory agency and public comment, the Port and consultant team will develop a *Risk Management Plan* (RMP) for management of residual contamination on-site prior to, during, and after development. The RMP will present a decision framework and specific protocols for managing chemicals in soil and groundwater to protect human health and the environment. These management measures will be consistent with existing and future land uses, and appropriate for a phased redevelopment that will occur over many years. The Port, future developers and tenants will use the RMP to manage potential risks associated with site conditions. The RMP will also be subject to Port, public, and regulatory agency review.

PROPOSED HAZARDOUS BUILDING MATERIALS ASSESSMENT

One of the key goals of the Plan is to preserve and rehabilitate Pier 70's historic buildings. Some of the most significant, such as the former Union Iron Works machine shop (Building 113) and Buildings 101, 102 and 104, along 20th Street, are high priority for rehabilitation before their condition deteriorates further. Identification of hazardous materials in these buildings must be completed as part of planning for their rehabilitation and reuse. This is the next phase of work to be undertaken using existing EDA grant funds.

Port staff, with assistance from DPW's Bureau of Construction Management - Site Assessment and Remediation, is drafting a request for proposals (RFP) for professional services needed to assess hazardous building materials at Pier 70. For the purposes of this informational report, and the anticipated RFP, the term "hazardous building materials" includes, but is not necessarily limited to asbestos, lead-based paint, lead-contaminated dust, mercury, PCB's, thinners, toners, cleaning supplies, and other hazardous materials or building fixtures containing hazardous materials. Port staff plans to return to the Port Commission in April 2010 to request authorization to issue an RFP for "Hazardous Building Materials Assessment and Related Consulting Services" at Pier 70.

Scope of Services: The primary goal of the services to be provided will be identification and quantification of hazardous building materials to enable rehabilitation or demolition of buildings and other structures at the site. Services to be provided may include development of detailed, project-specific plans and specifications for abatement of hazardous building materials, estimating abatement cost (abatement to be performed by a separate contractor in accordance with plans and specifications developed by the Port's consultant), and oversight of work by a separately-contracted contractor executing abatement plans. Related consulting services that may be requested under the proposed contract include exposure assessment, or mold, dust, noise, or air quality monitoring.

Specific tasks to be performed under the Hazardous Building Materials Assessment and Related Consulting Services contract will include:

- Identify types, quantify amounts and conditions of asbestos-containing material, lead-containing material, and other potentially hazardous materials.
- Recommend abatement strategies, mitigation monitoring, and estimate costs to control or eliminate hazards.
- Prepare work plans, include construction or architectural plans, drawings, pictures, and any other attachments necessary to clearly and completely describe the scope of the work and required remedial response.
- Develop complete technical abatement specifications, plans, and drawings for hazardous building materials abatement projects.
- Develop monitoring plans for health and safety and other mitigation measures associated with the projects.
- Preparation of Hazardous Materials Survey Reports, Final Abatement Reports, and related documents.
- Attend planning or pre-construction meetings with abatement contractors and Port staff or designees

Selection and Award Process: For the Hazardous Building Materials Assessment and Related Consulting Services contract, Port staff proposes to follow its standard process for procurement of professional services, except for compliance with the City's Local Business Enterprise program, as described below. The process will be facilitated and monitored by the Port's Contract Manager. The EDA will also review the Port's RFP and documentation of its selection process to ensure that they conform to applicable regulations and/or conditions of the grant agreement, and that the expenditures will be eligible for reimbursement.

All of the funds that will be used for the subject services, both EDA grant funds and the Port's matching funds, are subject to federal contracting requirements. Consequently the Port's contracts for EDA-funded work at Pier 70 cannot apply preferences or subcontracting goals based on location, which effectively prohibits compliance with the City's Local Business Enterprise ordinance. The consultant selection and contract award process will comply with federal regulations regarding small, minority-owned and woman-owned business participation, including identifying and soliciting such firms, breaking the work down into smaller contracts, setting schedules to enable small firms to pursue contracting opportunities, working with certain federal agencies charged with promoting small and minority-owned business participation, and requiring prime contractors to take the same measures when subcontracting.

Project Cost and Funding: Port staff proposes to issue the RFP for a not-to-exceed contract value of $700,000, although the Port may elect not to expend the full amount authorized for the contract. Specific tasks will be requested on a building-by-building or other project-specific basis as the Port addresses its priority buildings, allowing flexibility to respond to changes in project plans that may occur during the three-year term of the contract.

The EDA requires 10% of the total project cost to be provided as matching funds from non-federal sources. The matching funds from the Port will be available from the Port's Fiscal Year 2010/11 operating budget.

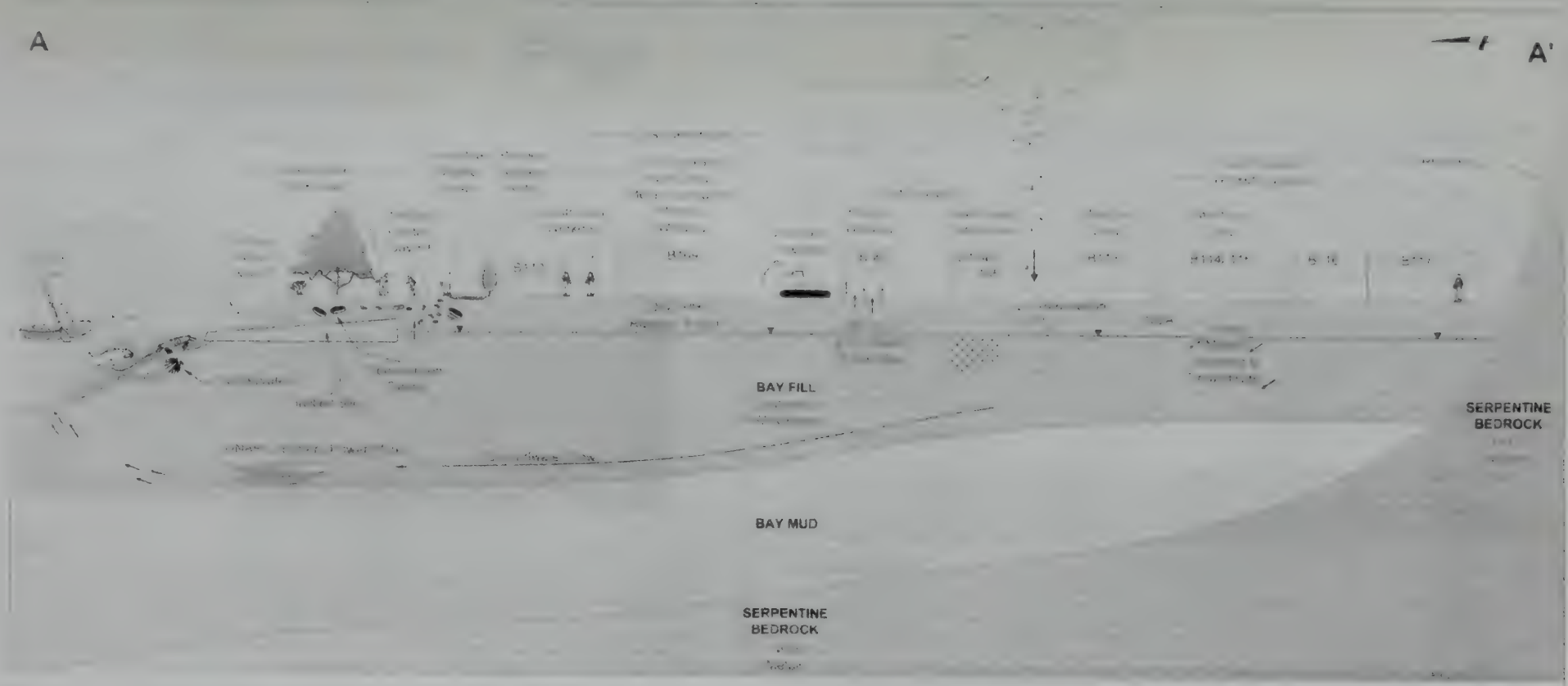
Schedule: Port staff has submitted a "Personal Services Contract" summary to the Civil Service Commission and anticipates that it will be heard at the Civil Service Commissions meeting on April 5, 2010. Pending Civil Service Commission approval, Port staff will seek the Port Commission's authorization to issue an RFP in April 2010.

Prepared by: Carol Bach, Environmental & Regulatory Affairs Manager
Planning & Development Division

For: Byron Rhett, Deputy Director
Planning & Development Division

Figure 1: Site Conceptual Model
Figure 2: Phase 1 & 2 Sampling Locations

Attachment 1: Fact Sheet, Regional Water Quality Control Board, June 23, 2009



EXPLANATION

NOT TO SCALE

PIER 70 ENVIRONMENTAL SITE INVESTIGATION

INITIAL SITE CONCEPTUAL MODEL

Treadwell&Rollo

Environmental Sampling to Begin Pier 70 Redevelopment Area San Francisco

Water Boards



Figure 1: Pier 70 Site Map

Introduction

This is the first in a series of fact sheets prepared by the Regional Water Quality Control Board, San Francisco Bay Region (Water Board) to inform the community and interested parties of the upcoming environmental investigations and cleanup work that will occur in conjunction with the Pier 70 redevelopment (Figure 1). The Water Board is an agency within the California Environmental Protection Agency and is the lead regulatory agency overseeing the environmental investigations and cleanup work at Pier 70. This fact sheet describes the Pier 70 area, summarizes known environmental conditions, and outlines the environmental investigation and cleanup process.

The initial phases of environmental investigations, commonly referred to as "Phase I", have already been completed for the Pier 70 redevelopment area (Site). The Phase I consists primarily of researching the historical uses of a property and chemicals associated with those uses, and identifies potential environmental problems which may exist as a result. Once the Phase I reports have been completed, a Phase II sampling program is typically developed. During the Phase II investigations, soil, groundwater and sometimes soil vapor samples are collected and analyzed for those chemicals identified in the Phase I reports.

The Port of San Francisco (Port) owns the Site. Portions of the Site are subject to the public trust and are managed by the Port for statewide benefit . The Port is working with the Water Board staff to finalize a Phase II investigation workplan for the Site. The initial round of investigation will include the collection of soil, groundwater and soil vapor. This sampling is scheduled to begin in August. Once the initial results of the Phase II sampling have been received and reviewed, additional sampling will be conducted to better define the nature and extent of pollution that may exist on the Site.

We invite everyone interested in hearing more about the upcoming environmental investigations to join us at a community meeting. The meeting will be held on June 30, 2009 at 7 pm at the Potrero Hill Neighborhood House located at 953 De Haro Street in San Francisco.

Background and History

Pier 70 is located on the shoreline of San Francisco Bay at Potrero Point It generally includes the area bounded by 22nd Street to the south, Illinois Street to the west, and San Francisco Bay to the north and east. The Site encompasses approximately 64 acres. The surrounding land uses include commercial, industrial, and some residential.

The Site is largely underlain by fill material placed seaward of the historic shoreline beginning in the late 1800us. Since the 1850s, the Site area has been used for the manufacture, maintenance, and repair of marine vessels. Through the years, ship building companies have included: Union Iron Works, Bethlehem Steel, U.S. Steel, Todd Shipyards, Risden Iron Works, Southwest Marine, and SF Drydock. During World War I and World War II, Bethlehem Steel was one of the largest producers of destroyer and submarine ships in the United States. Historical uses at the shipyard have included: metal foundries, galvanizing shops, warehouses, paint shops, plating shops, power houses, dry docks, lumber and steel lay down yards, ship docking slips and piers, and administration and engineering offices.

These heavily industrialized uses have the potential for contaminating the soil and groundwater beneath the Site. Ship building activities require the use of paints, degreasers, solvents, lubricating oils, and sand blasting grit. Petroleum has been stored and used for heating, power generation, lubrication, and vehicle fuels. Additionally, the fill material placed to extend the land mass at the Site was mostly derived from blasting the serpentinite bedrock hill at Potrero Point. A remnant of the hill exists locally today as Irish Hill. Serpentinite is a rock commonly found in Northern California and contains naturally occurring asbestos and elevated concentrations of metals, including chromium, nickel, and zinc.

Pier 70 Redevelopment Plan

Over the past two years, the Port has engaged in a community-based master planning process. The process resulted in a Master Plan (Figure 2) with the following elements: 1) Reuse and rehabilitate maritime historic structures to be recognized in the National Register Historic District; 2) Create new shoreline open space; 3) Integrate new commercial, open space and potentially residential development with the existing ship repair and dry dock industry; and 4) Develop a land use plan that will respect historic character as well as promote economic development.

Site Investigation

The objective of the Site investigation is to collect and analyze soil, soil vapor, and groundwater samples to provide chemical concentration data that will be used to define the nature and extent of contamination at the Site. Site contaminant data will be evaluated using the Water Board's Environmental Screening Levels (ESLs) to assess human and ecological health risks. The ESLs are tables containing risk-based chemical specific numerical values in soil, soil vapor, groundwater, or air that would not pose a significant threat to human health or the environment. ESLs are used as screening levels in determining if further evaluation is warranted, in prioritizing areas of concern, in establishing initial cleanup goals, and in estimation of potential health risks.

The investigation will be conducted in multiple phases. The first round of investigation will confirm or deny the presence of contamination in the potential source areas identified in the Phase I reports. Additional investigation will further delineate the nature and lateral and vertical extent of contamination and collect sufficient data to complete the risk assessment, characterize wastes, and evaluate cleanup and risk management measures.

The soil sampling program will evaluate subsurface conditions by obtaining soil and rock samples from borings drilled to sufficient depths to define the vertical and lateral extent of contamination. The groundwater sampling program is designed to evaluate groundwater conditions throughout the Site. The soil vapor sampling program is designed to evaluate the potential for chemical vapors to move upward into buildings which are either present or will be constructed on the property.

The first round of sampling will require approximately 5 weeks to complete. Following an evaluation of the results for the first round, a sampling plan for additional investigation will be developed. Data collection, evaluation, and risk assessment results will be presented in an investigation and risk assessment report.

Next Steps

Following the completion of site investigations, areas which need cleanup will be identified and remedial action options to address them evaluated. The regulatory oversight process for Pier 70 will be similar to the process used at Mission Bay, located to the north.

Water Board Oversight Process

The Water Board oversees more than 3,000 site cleanup cases in the Bay Area, including more than 2,000 leaking fuel tank cases. Water Board staff direct investigation or cleanup work and set cleanup standards under Water Code authority. Responsible parties typically propose specific measures, perform the actual work, and submit technical reports documenting task completion.

As part of this process, we circulate key documents, such as draft cleanup plans, to interested persons and provide an opportunity for comment on these documents. Interested persons include other agencies, local officials, non-profit organizations, and interested landowners and residents/occupants in the site vicinity.

ADDITIONAL INFORMATION AND REPORT AVAILABILITY

Pier 70 Website: The Port has developed a website dedicated to the Pier 70 redevelopment project. We encourage you to visit it at: www.sfport.com/Pier70 and at www.pier70sf.org.

The Water Board has documents and other technical information for the Site available on Geotracker at: https://geotracker.waterboards.ca.gov. Click on advanced search and enter Case ID number **38S0058**. All documents submitted to the Water Board for this Site will be available at this location.

Contact Information:
For additional information on the Pier 70 project, please contact any of the following individuals:

San Francisco Bay Regional Water Quality Board: Mark Johnson, at (510) 622-2493, e-mail mjohnson@waterboards.ca.gov.

Port of San Francisco: Carol Bach, Environmental Officer (415) 274-0568, e-mail carol.bach@sfport.com.

Project Technical Consultant to Port: Dorinda Shipman, Treadwell & Rollo, at (415) 955-9040, e-mail dorindan@treadwellrollo.com.

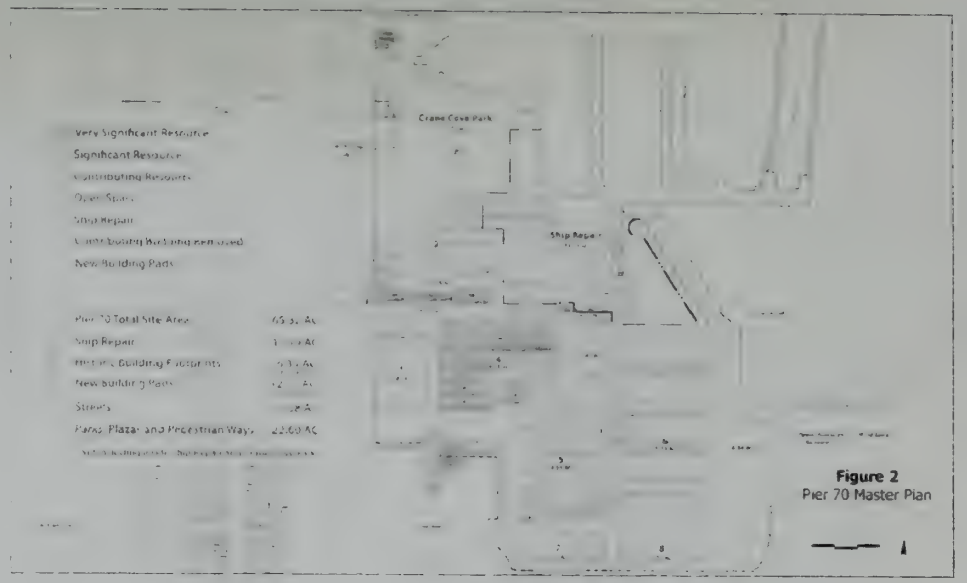


Figure 2
Pier 70 Master Plan

Regional Water Quality Control Board
San Francisco Bay Region
Attention: Mark Johnson
1515 Clay Street, Suite 1400
Oakland, CA 94612

SAN FRANCISCO
PORT COMMISSION

MARCH 23, 2010
MINUTES OF THE MEETING

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AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MARCH 23, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:02 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky, Kimberly Brandon, Michael Hardeman and Ann Lazarus.

2. APPROVAL OF MINUTES - March 9, 2010

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the March 9, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:04 p.m., the Commission withdrew to executive session to discuss the following:

(1) PUBLIC EMPLOYEE APPOINTMENT/DISMISSAL/RESIGNATION – This is specifically authorized under California Government Code Section 54957.

- Consideration and Possible Action on Public Employee's Appointment/ Dismissal/Resignation – Deputy Director of Port.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

b. Conference with Real Property Negotiator
Property: AB 4052; 4111, lots 3 and 4; 4110, lot 1; 4046, lots 1 and 2; also known as Pier 70 Master Plan Area, located near the intersection of 20th Street and Illinois
Person Negotiating: Byron Rhett, Deputy Director, Planning and Development
*Negotiating Parties: undetermined

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session. Port General Counsel Robert Bryan indicated that the Commission is in recess and will reconvene in closed session at the end of the open session.

6. ANNOUNCEMENTS – The Commission Secretary announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report Executive Director Monique Moyer reported the following:

- Earth Hour – March 27, 2010 at 8:30 p.m. - Earth Hour will be observed on Saturday, March 27, 2010 at 8:30 p.m. The Port will once again be participating. The lights will be turned off on any Port of San Francisco buildings from 8:30 to 9:30 p.m. in recognition of Earth Hour 2010. This will be a global effort, the purpose of which is effectively a call to action to remind us all that our actions today affect the future of the Earth tomorrow. Many of the Port tenants will be participating as well.

- Salmon Summit – April 1, 2010 from 10 a.m. to 1 p.m. at Fort Mason Center - The Salmon Summit is taking place on April 1, 2010, from 10:00 a.m. to 1:00 p.m. at Fort Mason in the Golden Gate Room. The Salmon Summit is a first-time attempt to bring attention to the devastating costs of the recent salmon fishing closures which have affected the entire Americas, but most importantly the West Coast, and certainly in the San Francisco Bay Area. The purpose of the forum will be to discuss long-term solutions for the West Coast and the salmon industry. There will be a free seafood reception which is being hosted by Scoma's, a Port tenant, the Hayes Street Grill, Fish, the Foreign Cinema, and the Monterey Fish Market. A couple of our maritime staff will be attending the summit.

- Grand Opening of Chef Russell Jackson's LAFITTE Restaurant, located at Pier 5 – April 6, 2010 - On Tuesday, April 6, 2010, California native Russell Jackson will open the doors to Lafitte Restaurant at Pier 5. A new outdoor structure is going up next to Pier 5 which will be a part of Lafitte's footprint. Russell Jackson has worked with such notable chefs as Wolfgang Puck, Paul Boucouse and Michael Richard. He is bringing a distinctive and new cooking style to Lafitte which he calls a menu of logic. We look forward to seeing exactly what that will be. The menu will change daily according to what is locally and freshly available. The menu each day will be paired with unique wine pairings as well as an extensive and soon-to-be-renowned nonalcoholic cocktail menu. In April, they will be serving just dinner. Beginning in May, they will open for lunch and weekend brunch as well.

- Shoreside Power - A week ago, the Port was awarded $1 million from the EPA as part of the Diesel Emissions Reduction Act in support of the shoreside power project at Pier 27. We are moving quickly ahead with the shore power project at Pier 27 which is also funded generously by the Bay Area Air Quality Management District with help from the San Francisco

Public Utilities Commission and our own port resources and brilliant staff. This week we are taking possession of the transformer which will be powering the shore power. We have gotten the green light from BCDC on our permitting issues. Today we finished our 100 percent design. We just have a few outstanding items with PG&E, and we will be on our way with construction. She commended the efforts of Daley Dunham, Brad Benson, and Jay Ach in getting that funding from EPA. We had applied once before, and no shore power projects were awarded statewide. This time we were awarded.

8. CONSENT

A. Request approval to consent to Blue and Gold Fleet, L.P. three (3) subleases and one (1) sublicense located at Pier 41 on the Embarcadero near the foot of Powell Street: (1) Sublease to Image Arts for a five year term (Resolution No. 10-16); (2) Sublease to Two Eagles Corporation for a five year term (Resolution No. 10-17); (3) Sublease to Ben & Jerry's Outpost for a four year and eight month term (Resolution No. 10-18); and (4) Sublicense to Blazing Saddles Bike Rental for a month–to-month license. (Resolution No. 10-19).

B. Consent to additional time for public comment on the February, 2010 Edition of the 2008 Port Building Code due to changes made since initial Public Comment Period.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor. Resolution Nos. 10-16, 10-17, 10-18 and 10-19 were adopted.

9. PLANNING AND DEVELOPMENT

A. Informational presentation regarding Environmental Investigation in the Pier 70 Master Plan Area, located east of Illinois Street between Mariposa and 22nd Streets.

Carol Bach, Environmental and Regulatory Affairs Manager in the Port's Planning and Development Division, updated the Commission on our environmental investigation at Pier 70. At the last meeting, the Commission heard about the preferred master plan for Pier 70. The environmental investigation is another important piece of work that we're doing in support of that development opportunity.

About two years ago, the Port first applied to the federal Economic Development Administration within the U.S. Department of Commerce for financial assistance. The funding is coming from the Department of Defense budget. We were awarded that funding in October of 2008.

It was a year ago this month that we requested authorization to award a contract for the first two pieces of work that we would do with those federal

funds, which are the environmental site investigation, specifically soil and groundwater characterization and risk assessment. We awarded that contract to Treadwell & Rollo for approximately $1.25 million. Work has been underway ever since that time.

Under the EDA funding we received $2.28 million to complete the soil and groundwater characterization, risk assessment, development of a risk management plan, all of which are part of the contract that we have with Treadwell & Rollo and to do identification and quantification of hazardous building materials in the buildings at Pier 70 and potential abatement of some of those hazardous materials.

Dorinda Shipman, project manager at Treadwell & Rollo, indicated that one of the attachments to the staff report is a fact sheet that we prepared in June that was sent out to the Central and Southern Waterfronts Advisory Committees, and other members of the public who are interested in the project, and those surrounding the project to let them know that we were working on the site investigation work plan. We held a meeting at the Potrero Boosters on June 30, 2009 to go over that work plan, present it to the public, and answer any questions they had.

Now, as part of our work plan we prepared an initial site conceptual model. That conceptual model looked at all the information we had reviewed as part of preparing the work plan, and to then put that information into a framework to look at potential exposure pathways to either human health or the environment. We looked at the historical shipyard operations, the existing native material, the fill material at the site, and just histories, previous environmental investigations, underground storage tank removals report, and came up with a version, an earlier version of what you now see as the updated site conceptual model.

This looked at the potential exposure pathways, the potential contaminants of concern we need to be looking for in our site investigation. This then helped us plan a phased investigation approach that would look at the source areas, and also look to collect information across the site to fill any gaps that we saw in the data that were needed to further plan site redevelopment.

We completed phase one of this investigation in December 2009 and we're currently almost to the end of phase two. At this point in time we've collected a little under 200 soil samples at roughly 90 locations. We've also collected some groundwater grab samples, which were samples collected from borings versus samples collected from monitoring wells. We've collected some grab samples. We collected soil gas from over 30 locations. During phase one, eight monitoring wells were installed. Based on our grab groundwater sample results, we reviewed that information, we looked at the soil information we had, and we placed some monitoring wells across the site. If you look at the site conceptual model, we've got three general categories of subsurface materials. There's the serpentinite bedrock which is, in the site conceptual

model, the green material at the base. It's also exposed up on Irish Hill. Irish Hill is kind of the high point there. On top of the serpentinite is bay mud or a clay material and then on top of that, fill.

The majority of this fill was placed there to actually build the shoreline out. This site has had a history of shipbuilding from the Gold Rush through World War I and World War II. In order to build the slipways and dry docks that were there, folks would excavate from the bedrock hill and mix that with some other material and fill in to build that shoreline out.

This shows the sampling locations to date. The orange-shaded area is an area where bedrock was very close to the existing ground surface. The historic shoreline or the 1869 shoreline gives you an idea of where the shoreline used to be and how much fill and extension of the shoreline has gone on here. In the southeastern area, we're seeing bedrock close to the surface, between 4 to 6.5 feet. That's an important piece of information for the development project.

We've also seen associated with the bedrock, serpentinite bedrock, you've got materials like naturally occurring asbestos and some heavy metals. We're finding these items in the fill material as well. We've got arsenic, cadmium, chromium, copper, lead, nickel, mercury, vanadium, and zinc at levels that are higher than environmental screening levels. These environmental screening levels are some generic screening levels that Cal EPA uses to screen data initially and kind of look at what are potential contaminants of concern, what could be potential issues for health risks.
Mark Johnson, Regional Water Quality Control Board which has regulatory oversight over this project.

We've used these screening levels just to gauge where we are in that spectrum. A lot of these metals are at concentrations that are associated with the serpentinite bedrock. This is typical in other bay shore areas like Mission Bay or Hunter's Point where we find these types of materials.

Another common contaminant in the bay shore fill and common to industrial areas or shipyards are polycyclic aromatic hydrocarbons, or PAHs. PAHs are found in fuels. They're found in manufactured gas plant waste. These materials are ubiquitous throughout this fill material on Pier 70, which are common to bay shore fill, common in other places like Mission Bay and Hunter's Point.

Kind of a positive note that we had, volatile organic compounds, we're not seeing too much above applicable screening levels. We're not seeing volatile organics in the soil. Some typical volatile organics that can cause problems at a site might be solvents. We're not seeing an indication of heavy use of solvents here, solvents in the ground.

We looked at soil gas and volatiles as well, and we did find a little bit of benzene. We had a benzene exceedance around Building 36 in phase one in soil gas. We went back in phase two, looked at it, and collected samples around that exceedance. The surrounding samples came back under screening levels. However, we had a few samples at the eastern end of Building 105 that now have a slight benzene exceedance. We're going to continue to evaluate the soil gas data as part of our risk assessment, but again, not widespread soil gas, volatile organics and soil gas, which is good news.

Figure two shows the pink-shaded area in the BAE shipyard. That area signifies an area where we're seeing heavy hydrocarbons in the soil and groundwater. It appears to be heavily degraded, highly viscous. It looks like it's been there a long time. It's even hard for us to get it into a sample bottle it's so sticky. We have gone back and collected some additional samples. We're seeing it in some cases in soil. We're seeing it in some cases in the water but it doesn't appear to be floating on the water table. We've had a hard time measuring it.

Those physical properties that we can observe visually appear to make it look as if it's not migrating to the Bay. We've collected some, we've put in some additional monitoring wells near the shoreline in BAE, and we've collected some additional physical samples of this material to get a handle on whether it's got any potential to migrate at all. We're still waiting for some of those results to come back.

However, associated dissolved groundwater does not have volatile organics or PAHs in it, which is a good thing. Soil gas nearby doesn't have volatile organics in it. It doesn't appear to be a health risk at this time, although we're still evaluating it for any BAE workers. If folks go in to do utility repairs or any subsurface work, they would at least have to manage their work to not come in contact with it but again, they're not highly volatile, not a health issue. We're assessing that in the human health risk assessment right now so we'll be able to figure out what they need to do to manage any of those issues.

Another area you'll see noted on the map is the blue cross-shaded area near the Potrero Power plant in the southeast portion of the site. We've seen some elevated PAHs in the very shallow soil, shallower than five feet. We also observed some of the sampling that the power plant consultants did recently. They're seeing these PAHs and other indications of manufacture gas plant waste deeper in that area, about 20 feet or so.

There is evidence that their manufacture gas plant waste has migrated onto the Pier 70 property in that area. Carol Bach will be working with them to see what actions they're going to take to follow up on that. On the figure it's noted as DNAPL because it's a dense material, or a dense non-aqueous phase material. It is heavier than water, and it sinks. That's why we're seeing it in the deeper soil there.

As part of our work, we're following up on the site investigation, again, collecting our additional data. We have folks working on a human health risk assessment and an ecological screening level risk assessment. All this information is going to be put into one report. Once we have that draft report done, we'll present that to the public in an upcoming meeting as well.

Follow-on phases to that include if the human health risk assessment or ecological risk assessment indicate whether we need to do any remedial action, or whether future developers need to do remedial actions, we're going to evaluate those potential alternatives in a feasibility study. As part of that, we'll also look at managing risks.

Because we've got metals and PAHs across the site ubiquitous in this fill, it would be very cost prohibitive to remove all of that material. As long as it's covered, the risk is mitigated. We'll look at risk management issues, either institutional controls such as deed restrictions, engineering controls such as a prescribed cover, to help manage those types of risks.

Following the feasibility study, we'll be preparing a risk management plan working with the Water Board and working with the public to come up with a set of protocols that are pre-approved to help manage these risks. The risk management plan would be used pre-development, during, and post-development to make sure these risks are managed to protect the surrounding folks, on-site workers, and on-site occupants. That should be coming out in the fall.

Mark Johnson from the Regional Water Board indicated that he's been assigned to the PG&E site, the power plant site and Pier 70 project.

Dorinda pretty much covered the investigation but stepping back and looking at it specifically as a brown field, you can pretty much, with the data that we have in hand, have a pretty good significant set of data, you can conclude that the environmental conditions aren't going to make the project non-viable. This looks like it's a very doable project.

We're going to do some localized remediation similar to the characteristics of Mission Bay, where we applied a risk management plan that looked at prior to development, during development, and then post-development. It is impractical to try and remove all of the fill that's been put along the shoreline in the last 150 years.

We're dealing with immobile pollutants i.e. metals. The poly-aromatic hydrocarbons are also asphaltic. They're very dense. They're not moving anywhere. We actually have a very good condition. There is really no significant groundwater pollution, which is good. We don't have things migrating to the Bay. The few things that we do find in water really don't look that mobile.

Soil vapor, which can be a real issue, especially if you're trying to rehabilitate some of the existing historic structures, would be a real problem. We're not really seeing much in soil vapor at all. Everything so far is good news. There's no red flags there. We're just going to have to move forward with it. There are no real red flags that are going to kill the project. He's excited to work on it and try and get to the next step.

To recap on the schedule, Carol Back indicated that we're anticipating having the combined site investigation and risk assessment report issued maybe end of May of this year. Then, we'll start work on the feasibility study and risk management plan, which as Dorinda mentioned, should be out by the fall.

During that time, we are going to issue a draft of the investigation and risk assessment report, and also present the findings to public meetings, probably the Port's Advisory Group meetings. Those things will be available to the public for comment and stakeholders' input before we come back to the Port Commission with a final document.

The next phase of work under our EDA funding is going to be the hazardous building materials assessment. We are planning to seek Port Commission authorization to issue an RFP for a hazardous building materials assessment and related consulting services contract at the second meeting in April. That scope of services will include lead-based paint assessment, asbestos assessment, other hazardous building materials such as mercury-containing light fixtures and PCB-containing electrical equipment, and any other environmental hazards that might be encountered in the building, molds and abandoned hazardous materials.

It will be a very broad scope of services, and we will request services from the selected consultant on a task-order basis to suit our needs at the time. We'll start with the highest-priority buildings for assessment and inventory quantifying hazardous building materials. Depending on our needs, we may request development of abatement plans and specifications, potentially monitoring and quality control on the work of abatement contractors, development of health and safety plans, anything related to managing hazardous buildings materials in the buildings at Pier 70.

That consultant selection process will follow the Port's standard contract award process. Because of the federal funding, we will not be able to comply with the city's DBE ordinance. However, we will be complying with federal requirements regarding contracting opportunities for small, minority-owned, and woman-owned businesses.

That contract is going to be a not-to-exceed value of $700,000, although we may choose not to award the full value of that contract depending on the needs as the project proceeds through the development opportunity.

Commissioner Shakofsky indicated that she's very pleased with the initial results. A lot of us suspected that it's some of the same-old, same-old stuff we've seen along the shoreline, and we know how to deal with it economically as well as in a manner that's safe for human health and the environment. She's very excited about that. She's also very excited we have Mark Johnson as our regulator. We couldn't have gotten a better regulator for this project.

Mark's been at the Water Board for many, many, many years. He has become their brown field point person. The difference in that is that he understands his regulatory role, that he needs to make these sites safe and clean, but he also understands the redevelopment component of it. That's a combination that's very rare. It's very apparent with Mark Johnson. We've worked with him on a number of other sites, and so that's another win for us.

Commissioner Shakofsky asked if we did a geophysical survey.

Carol Bach replied that we have not but we've done utility location, and we're collecting geotechnical information. A subset of the borings that we've installed have included samplings, soil samples for various geotechnical parameters. Those are going to be part of the final report. We've also done a couple of borings purely for geotechnical reasons right next to Building 113 to inform the stabilization plans for that building but we haven't done a broad, geophysical survey.

Commissioner Shakofsky indicated that her first concern is the benzene hits. That sometimes can or probably mean that it could potentially be a tank. Sometimes when there's one tank there's two or three, or in a case we just dealt with in L.A., there were 27 tanks on the site. She asked if this has been discussed or if we know there are old tanks on the site.

Carol Bach replied that there were definitely tanks that we knew of that had been removed. We chose our soil sampling and soil gas sampling to target those areas. There's always the potential that there were tanks that weren't on any records and somehow escaped notice. If we had a significant fuel problem or benzene problem, we would see it more than in just a couple exceedances throughout the tens or hundreds of soil gas samples we have.

Commissioner Shakofsky asked if we have any plans to do a geophysical survey. This is always something that she's seen unexpectedly crop up.

Carol Bach replied that we did have a lot of historic records but those are not always watertight.

Commissioner Shakofsky indicated that particularly on a site this old where people often weren't required to get permits. A site this old could have some old subsurface structures. That was the only issue that really popped up for her in the data. It looks great and she's very excited.

10. NEW BUSINESS

Commissioner Hardeman indicated that the Peter Pan tent across the street is 100 feet but it looks like it's 40 feet. He can't see where 84 feet is causing so many problems with the 8 Washington project. He's amazed that it's going to be shorter than that and there are all these difficulties with that height. He brought this issue up because if anybody looked at it, it shows how short it really looks in comparison to everything around it.

Commissioner Fong asked if the Peter Pan tent is 100 feet from the top. Commissioner Hardeman replied affirmatively. The proposed 8 Washington project is approximately 84 feet and there's a moratorium to bring everything down to 40 feet.

Commissioner Hardeman also mentioned about the St. Mary's Gaels. He wanted to get that on the record for his son, Peter Dailey and Michael Nerney.

11. PUBLIC COMMENT

12. RECONVENE IN CLOSED SESSION

ACTION: Commissioner Lazarus moved approval to reconvene in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 3:55 p.m., the Commission reconvened in executive session. At 4:40 p.m., the Commission withdrew from executive session and reconvene in open session.

ACTION: Commissioner Shakofsky made a motion to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofksy made a motion to disclose that the Port Commission appointed a new deputy director for Finance and Administration; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion not to disclose any other information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

13. ADJOURNMENT

Commission President Fong adjourned the meeting at 4:42 p.m.

SAN FRANCISCO PORT COMMISSION

Rodney Fong, President
Stephanie Shakofsky, Vice President
Kimberly Brandon, Commissioner
Michael Hardeman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
TUESDAY, APRIL 13, 2010
2:00 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

PLEASE NOTE THE TIME OF THE MEETING

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's office located at Pier 1 during normal office hours.

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1. **CALL TO ORDER / ROLL CALL**
2. **APPROVAL OF MINUTES** - March 23, 2010
3. **PUBLIC COMMENT ON EXECUTIVE SESSION**
4. **EXECUTIVE SESSION**

 A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

 (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

 a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

Under Negotiations: _____Price ____Terms of Payment _X_ Both
The Port Commission found the non-Port parties identified above qualified based on their responses to a Request for Proposals for the lease and development of the area generally known as Seawall Lot 337, China Basin Park, and Pier 48. In this executive session, the Port intends to seek direction from the Port Commission on matters that may affect exclusive negotiations now underway.

b. Property: Various paper streets, a rail right-of-way and submerged lands within the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Areas (for the Candlestick Point/Hunters Point Phase 2 project).
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Negotiating Parties: San Francisco Redevelopment Agency: Fred Blackwell, Executive Director; State of California: Paul Thayer, Executive Officer, State Lands Commission

Under Negotiations: ____ Price ____ Terms of Payment _X_ Both
The Port owns certain small parcels of real property subject to the public trust, consisting of paper streets, a rail right-of-way, and submerged lands, that are within the Mixed-Use Development Project for Candlestick Point and Hunters Point Shipyard that San Francisco voters endorsed by adopting Proposition G in June 2008. The project site includes parts of the Bayview Hunters Point Redevelopment Area and the Hunters Point Shipyard Redevelopment Area, which are under the jurisdiction of the San Francisco Redevelopment Agency. The Redevelopment Agency has proposed a trust exchange agreement, which requires the State

through the State Lands Commission to be a party, to facilitate the project that would encompass the Port's lands and lands under the Redevelopment Agency's jurisdiction. In this executive session, the Port intends to seek direction from the Port Commission on matters that may affect the trust exchange agreement and an interagency cooperation agreement relating to the Port parcels pending the close of the proposed trust exchange agreement.

5. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. ANNOUNCEMENTS

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report

- People's Earth Day and Grand Opening of the new EcoCenter at Heron's Head Park at Pier 98 - April 18, 2010 from 10 a.m. to 3 p.m.
- Sunday Streets – April 18, 2010 from 10 a.m. to 3 p.m. at Bayview
- Northeast Embarcadero Study Planning Process Meeting – tentative date April 28, 2010
- 2010 Piero Patri Fellowship Opportunity – Third & Cargo Gateway
- San Francisco Public Utilities Commission North Shore Force Main Replacement Project Status

B. Accept Third Quarter Contracting Activity Report for Fiscal Year 2009/10 for the January 1, 2010 to March 31, 2010 Reporting Period.

8. CONSENT

A. Request authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project. (Resolution No. 10-20)

9. MARITIME

A. Request adoption of the Port's Maritime Excursion Lease Renewal Policy that establishes internal guidelines for extending the terms of maritime leases for the berthing and operation of excursion vessels. (Resolution No. 10-21)

10. PLANNING AND DEVELOPMENT

A. Informational Presentation on the Design Program of the Pier 27 Cruise Terminal and Open Space.

11. NEW BUSINESS

12. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

13. ADJOURNMENT

FORWARD CALENDAR (Targeted Commission meeting, subject to change)

- Informational presentation regarding proposed increases to ferry and excursion landing fees (April 27, 2010)
- Request adoption of the proposed revisions to the Port's Building Code: Administrative Modifications and Corrections to Chapter 1, Stormwater Design Guidelines, Dust Control Provisions and Floodplain Management Provisions (April 27, 2010)
- Request authorization to issue a Request For Proposals (RFP) for Hazardous Building Materials Assessment and Related Consulting Services at Pier 70 (April 27, 2010)
- Request authorization to enter into an Exclusive Negotiation Agreement with Seawall Lot 337 Associates, LLC to explore a mixed-use development project at SWL 337 and Pier 48 (April 27, 2010)
- Request approval of Lease No. L-14778 with the San Francisco Maritime National Park Association for Shed Space, Exclusive Berthing Area and the Non-Exclusive Use of the Pier Apron at Pier 45, Shed A (The Embarcadero at Taylor Street), and approval of First Amendment and Mutual Termination Agreement for Lease No. L-13700 (April 27, 2010)
- Request authorization to issue request for developer qualifications for a 20 acre site at Pier 70 (April 27, 2010)
- Request authorization to issue request for interest in designated historic structures at Pier 70 (April 27, 2010)
- Request approval of the Port's Interim Leasing Policy for Historic Structures (May 11, 2010)
- Request approval of a Lease between the Port of San Francisco and Dawson-Clinton General Contractors Corporation for a term of 63 months for premises located at Pier 50, Shed B Bulkhead Office (May 11, 2010)
- Request approval of Lease No. L-14814 with Andre-Boudin Bakeries, Inc., a California Corporation, for a five-year restaurant lease for premises located at 2890 Taylor Street (May 11, 2010)
- Request approval of the conceptual design for the Heron's Head Park Entrance Expansion/Improvement Project (May 11, 2010)
- Request authorization to enter into an agreement with the U.S. Army Corps of Engineers for environmental, design, bidding and construction assistance for the removal of Pier 36, in coordination with the Port of San Francisco's Brannan Street Wharf open space project (May 25, 2010)
- Request approval of a no fee Memorandum of Understanding, No. M-14844 between the Port of San Francisco and City and County of San Francisco's Department of Emergency Management for the storage of a mobile hospital trailer at the Pier 96 M&R Building for a term of 36 months (May 25, 2010)
- Request authorization to award Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project (May 25, 2010)
- Informational presentation of design standards addressing circulation, access and adjacent tenant improvements for The Embarcadero Promenade which is the Bay side multiuse pathway along The Embarcadero Roadway, extending from Fisherman's Wharf to China Basin (May 25, 2010)

- Request approval of an amendment to the Rincon Park maintenance agreement (May 25, 2010)
- Informational presentation on the Fiscal Year 20010-11 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (May 25, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2741, Marine Structural Project III (July 13, 2010)
- Request authorization to advertise for competitive bids for Construction Contract No. 2732, Mission Bay Shoreline Protection for Bayfront Park Project (July 13, 2010)
- Request approval of the Fiscal Year 20010-11 Monthly Rental Rate Schedule, Monthly Parking Stall Rates, and Special Event and Filming Rates (July 13, 2010)
- Informational Update on Retail Leasing Policy (Date to be determined)
- Request approval of a one-year interim license agreement, and approval to seek Board of Supervisor approval of a 66-year lease/easement agreement and a 66-year right to use permit/agreement, between the Port and Peninsula Corridor Joint Powers Board, for use of property located along Seventh Street in the Mission Bay Redevelopment Area to support existing passenger rail uses for public purposes (Date to be determined)
- Request authorization to enter into a Memorandum of Understanding with the San Francisco Municipal Transportation Agency for the Port of San Francisco to relinquish its rights to cargo freight rail service north of Cesar Chavez along Illinois Street (Date to be determined)
- Request authorization to enter into the Hunters Point/Candlestick Point Title Settlement, Public Trust Exchange and Boundary Line Agreement with the San Francisco Redevelopment Agency for Port property in the vicinity of Candlestick Point, and Consent to the Interagency Cooperation Agreement for the integrated development at Candlestick Point and Phase 2 of the Hunters Point Shipyard (Date to be determined)

COMMUNICATIONS TO THE PORT COMMISSION FROM MARCH 19 TO APRIL 8, 2010

- From Tommy Moala, PUC Assistant General Manager, regarding SFPUC Biosolids Digester Facility, Southeast Digester Task Force Requested Information
- From the San Francisco Bicycle Coalition, invitation to the 2010 Golden Wheel Awards on April 27, 2010 at 6 p.m. at the War Memorial Building

APRIL/MAY 2010

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
Apr. 27	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 11	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building
May 25	2:00 p.m.	Closed Session/Port Commission	Port Commission Room
	3:15 p.m.	Open Session	@ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. Contact Amy Quesada at 274-0406. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable).

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Michael Nerney @ 274-0416 or michael.nerney@sfport.com

Starting January 21, 2010, the Maritime Commerce Advisory Committee (MCAC) will meet every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets regularly on the second Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine Reilly/REDEV/SFGOV@SFGOV

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or mark.paez@sfport.com

The Rincon Point-South Beach Citizens Advisory Committee meets on a quarterly basis, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Catherine Reilly, Assistant Project Manager, Redevelopment Agency, @ 749-2516 or Catherine.Reilly/REDEV/SFGOV@SFGOV

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

PIER 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.

NOTICES

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

April 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Accept Third Quarter Contracting Activity Report - Fiscal Year 2009/10 for the January 1, 2010 to March 31, 2010 Reporting Period

DIRECTOR'S RECOMMENDATION: Informational Item – No Action Required

INTRODUCTION

The purpose of this report is to provide regular reporting of the Port's contracting activities as legally required by the City and County of San Francisco through its Administrative Code or based upon policies and practices adopted by the San Francisco Port Commission. Background information on these requirements is provided at the end of this report as Exhibit 1.

SUMMARY

This report includes the following four (4) key elements: 1) Third Quarter Fiscal Year 2009/10 Highlights; 2) Third Quarter Fiscal Year 2009/10 detailed contracting activities; 3) Projected upcoming contracting activities and 4) Local 21 Staffing Changes. Exhibits include: Exhibit 1: Background information on the purpose of this report and Exhibit 2: Year to date contracting activity and Close-out of Expired As-needed contracts.

I. Highlights:

Status of Ordinance Amendments Pertaining to Contracting
During the last reporting period, it was reported that the Board of Supervisors was considering ordinance amendments that would impact the Port's contracting activities.

This Print Covers Calendar Item No. 7B

On February 10, 2010, Mayor Gavin Newsom signed those amendments into law. The Ordinance Amendments are summarized as follows:

Ordinance No. 17-10: Amended Administrative Code Section 21.5 to allow the City Purchaser to permit informal solicitations for contracts for commodities and services up to $100,000 and for those contracts utilizing federal grant funds where authorized and to update the Purchaser's authority to set aside contracts for local small businesses.

Ordinance No. 18-10: Amended Administrative Code Chapter 14B, Local Business and Non-Discrimination in Contracting Ordinance, to add a new Section 14B.19 establishing uniform procedures to attain project LBE goals for design-build and integrated project delivery contracts.

Ordinance No. 19-10: Amended Administrative Code Chapter 6, Public Works Contracting Policies and Procedure, Section 6.1, to clean up language and otherwise modify various requirements such as: 1) increase the dollar threshold for sealed competitively bid construction contracts from $100,000 to $400,000, with a future increase by the Controller in 2015; 2) increase the minimum competitive amount for the procurement of professional services for public works projects from $25,000 to $100,000; 3) increasing the applicable maximum contracts amounts and contract term; and 4) increasing the maximum contract service order amounts from $200,000 to $400,000.

Ordinance No. 20-10: Amended Administrative Code Chapter 14B to establish various changes which include: expanding the Micro-LBE Set Aside Program; allows Job Order Contracts Set-Aside credit for the Department of Public Works; requires quarterly reporting on contracts set-aside for the Micro-LBE Set Aside Program; creates a SBA-LBE category which basically expands LBE participation to include firms having graduated from the LBE program or otherwise ineligible due to size in annual gross receipts; reduces some of the bureaucratic red-tape in contracting by eliminating the good faith effort documentation when firms achieve LBE subcontracting participation in excess of 35%.

As reported last quarter, some changes were pending for this particular ordinance. The change of significance relates to the threshold for bid discounts applicable to Small, Micro-LBE and SBA-LBEs. Previously, it was reported that a 2% bid preference would apply to contracts between $5 million and $20 million. However, prior to the Mayor signing off on the ordinance amendment, this amendment was revised to reflect an applicable contracting range between $400,000 and $20 million. This is significant to the Port because most of the Port's projects fall within the lower contracting threshold.

On March 25, 2010, the San Francisco Human Rights Commission officially approved Rules and Regulations for implementing the above legislative changes. Larger awarding departments were sent copies of the new rules and regulations.

Proposed New Ordinance Amendment

In March 2010, Supervisor Sophie Maxwell introduced an ordinance that would grant bid discounts to Small and Micro-LBEs that joint venture with other firms to bid on

construction contracts. This proposal is consistent with past legislative and regulatory requirements implemented by the San Francisco Human Rights Commission (HRC) and is currently being reviewed by awarding departments.

In addition to the above highlights, there are several administrative initiatives to streamline the contracting process on a citywide basis. It is Port staff's intent to bring back contracting policy recommendations at a later date to reflect the various contracting ordinance, rules and regulatory changes that are being adopted citywide.

Quarterly Contracting Results

Total contracting activity for the 3rd Quarter of Fiscal Year 2009/10 is as follows:

Type of Transaction	Number of Transactions	Total Dollar Amount	LBE Dollar Amount (sub)	LBE %
As-needed CSOs	8	$272,534	$39,540	14.5%
Construction	1	2,242	0	0%
Professional Services	1	65,036	5,208	8.01%
General Services (IT)	1	99,600	0	0%
TOTAL	**11**	**$439,412**	**$44,748**	**10.18%**
*LBE Exempt Contracts**	*1*	*$ 96,989*		*0%*

*The Port's Youth Employment Program Contract did not include certified LBE participation goals. However, the contract awarded to the San Francisco Conservation Corps does include 20% subcontractor participation with Larkin Street Youth Services which is a San Francisco based non-profit organization. This subcontract was implemented to assure adequate services to young people between the age of 16 and 18 in economically disadvantaged San Francisco communities.

Cumulatively, the Port's utilization of Local Business Enterprises (LBEs) on its contracts still exceeds the 20% subcontracting goal at 23.92% (Exhibit 2; Year-to-date Contracting Activity). However, as indicated in the table above, the Port did not meet its 20% LBE subcontracting goal for this reporting period at 10.18% LBE participation. As reported in the past, utilization of LBEs on Port contracts varies from one reporting period to another, depending upon the required type of work. The marine aspect of some Port work is less desirable or otherwise precludes many LBEs from participating on Port contracts. This quarter's lower percentage of LBE subcontracting participation is also due in part to the following:

1) Smaller dollar value of contracting transactions and overall less contracted work;
2) Most of the work that could be performed by local businesses is now being performed by other city departments and primarily the Department of Public Works. (The Port estimates that $37,789,000 in work will be work ordered to various city departments over the next two years, as well as this fiscal year.);
3) Amendments to existing contracts comprise most of the contract work; and
4) Information Technology (IT) contracts are processed through the Computer Store for Information Technology (COIT) group and therefore LBE participation reporting is difficult to retrieve.

II. Contracting Detail:

The Port of San Francisco did not meet the 20% Local Business Enterprise (LBE) subcontracting participation goal for this quarter with participation at 10.18%. Further details of the contracts awarded are as follows:

Contract/Project	Awarded To:	Awarded Amt.	LBE Amt.	LBE%
As-Needed CSOs				
Archaeological Support for Hyde St. Fuel Dock	Creegan+D'Angelo/ F.E. Jordan	$47,466.79	$11,161.20	23.51%
Inspection & Testing Services of Signal & Train Control Sys.	Creegan+D'Angelo/ F.E. Jordan	$45,000.00	$0.00	0.00%
Cal Train/HSR OCS Peer Review	Creegan+D'Angelo/ F.E. Jordan	$19,650.00	$0.00	0.00%
Pier 27 Shoreside Power Est.	Creegan+D'Angelo/ F.E. Jordan	$2,791.36	$2,512.00	89.99%
On Call Scoping, Technical Advice	URS/AGS JV	$25,000.00	$0.00	0.00%
Closed Circuit TV System (CCTV)-Phase 2	URS/AGS JV	$119,130.00	$19,147.00	16.07%
UST Soil/Groundwater Investigation	Weiss Associates	$5,388.00	$0.00	0.00%
Pier 90 Roof Repair Estimate	W&K/SDE JV	$8,108.00	$6,720.00	82.88%
Construction Service Contracts				
ADA Accessibility Upgrades	Gold Spring Construction	$2,242.00	$0.00	0.00%
Professional Services				
Brannan Street Wharf	W&K/Structus JV	$65,036.00	$5,208.00	8.01%
General Service Contracts				
Prof. Service for Senior Principle Level Oracle App.	Xtech	$99,600.00	$0.00	0.00%
TOTAL		**$439,412.15**	**$44,748.00**	**10.18%**
LBE Exempt Contracts				
Employment Training Program	San Francisco Conservation Corps	$96,989.00	$0.00	0.00%

While the Port did not meet the 20% LBE subcontracting goal for this reporting period, cumulatively (based upon year to date statistics), the Port is still exceeding the overall 20% LBE subcontracting goal at 23.92%. Out of $3,937,271 in contract dollars awarded to date, $941,966 has been awarded to local business enterprises.

$200,000 As-Needed Contracting Authorization

During this reporting period, no Contract Service Order exceeded the $200,000 project dollar threshold amount.

III. Projected Contracting Activities for the Upcoming Year:

As-Needed Contracts (CSOs)	Description of Work	Port Project	Est. Dollar Value of Work
Engineering	Engineering Conceptual Design Services	Pier 19 Maritime Emergency Response Center	$200,000
Engineering	Engineering support (modification)	Maritime Structural Project 2	$47,500
Environmental	Technical Support	Wharf J-10	TBD
Planning and Development	Transportation Planning	Jefferson Street Improvements	$5,000
Planning and Development	Signage Graphics	Blue Greenway	$45,000
Planning and Development	Stabilization study and cost estimate	Pier 70 Building 113 Stabilization	$103,000
Planning and Development	Professional Service	Environmental Education Progress at Heron's Head Park	TBD

Formal Professional Services	Description of Work	Port Project	Est. Dollar Value of Work
Development of the Pier 70 Site	Hazardous Building Materials Survey and Related Environmental Services	Pier 70 Development	$700,000
As-Needed Consulting and Related Services Contracts	Environmental Services (Three separate contracts each at $1 million each)	Port-wide	$3,000,000

Construction Services	Description of Work	Port Project	Est. Dollar Value of Work
Pedestrian Trail Design	Pedestrian Trial Optimization, Cost Est.	Mission Bay Shore Protection	$5,961
Roofing	Bulkhead and shed	Pier 19	$2,000,000
Marine Structural	Various structural repairs	Hyde St. Harbor & Jefferson Streets	$1,900,000
Shoreline Improvements & Protection	Demolish portions and restore shoreline	Mission Bay/Bayfront Park (GO Bond Project)	$2,063,000
Public Promenade	Seawall and pier repairs	Pier 43	$6,000,000
Wharf Development	Brannan Street Wharf	Piers 34/36	$23,800,000
Pre-development	Site grading and paving of roadway	Piers 90-94 Backlands	$6,800,000
Substructure Deck Repair	Seismic strengthen and repair of concrete deck	Pier 50 Valley	TBD

General Services	Description of Work	Port Project	Est. Dollar Value of Work
Information Technology	Integrated Security System	Port-wide	$2,700,000
Security Services	Unarmed Guards	Port-wide	$250,000 annually
Information Technology	Computerized Maintenance Management System	Port-wide	$900,000 (total budget)
Information Technology	Upgrade of PROPworks system	Port-wide	$200,000
Janitorial Service	Janitorial and Window Washing Service	Port-Wide	TBD

IV. Local 21 Staffing Activity Changes for Fiscal Year 2009/10 – 3rd Quarter:

Staffing Activity for Fiscal Year 2009/10
3rd Quarter, 1/1/10 – 3/31/10

Class/Title	Activities
Hires	
5382 Student Design Trainee III	As-Needed: Effective start date 3/09/10
9395 Property Manager, Port	New Hire: Effective start date 3/08/10

Separations	
9386 Sr. Property Manager, Port	Employee resigned effective 1/23/10
1652 Accountant II	Employee on Leave of Absence to Provisional 1654 at SFPUC effective 10/05/09
Vacancies	
1824 Principal Administrative Analyst	Vacancy due to retirement of employee
5382 Student Design Trainee III	Three (3) As-Needed positions for various Port divisions

RECOMMENDATION

The attached report is submitted to meet the requirements stated in the report Background. Port Staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Administrator/Manager

For: John Woo, Interim Deputy Director
Finance & Administration

cc: Clerk, Board of Supervisors
Local 21, IFPTE Representative Ging Louie
Department of Public Works, Peg Divine/Patrick Rivera
Human Rights Commission, Theresa Sparks

Exhibit 1: Report Background
Exhibit 2: Year to-date Contracting Activity Report

EXHIBIT 1

BACKGROUND

The purpose of this report is to comply with legal and policy mandates for the City and County of San Francisco and Port Commission. These legal and policy requirements are primarily based upon the following:

1. "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). (Effective February 10, 2010, a $400,000 (instead of previous $200,000) limit was imposed via City ordinance No. 20-10 for use of as-needed contract services per each single public works project; not including general planning or non-construction related professional services such as real estate economics as-needed contracts.)

2. Local 21 Union for the IFPTE and the City and County of San Francisco Department of Public Works requested that the Port include the following additional information in the subject quarterly reports, as it applies to the use of as-needed professional service contracts:

 - Contracting activity for the current reporting period;
 - Anticipated contracting activity for the upcoming quarter; and
 - Estimated staffing numbers and projects related to the as-needed contract services.

3. San Francisco Administrative Code Section 14(b) requires all departments and contract awarding authorities to report to the Mayor on their progress in the preceding fiscal year toward the achievement of the LBE goals and their steps to ensure non-discrimination against MBEs (Minority Business Enterprises), WBEs (Women Business Enterprises) and OBEs (Local businesses other than MBE or WBE). In addition, effective February 10, 2010, each awarding department must set-aside 25% of its non-construction contracts under $100,000 and 50% of its construction contracts under $400,000 for Micro-LBE contracting. Quarterly reporting to the Board of Supervisors is required for year 2010 and annually thereafter.

 The Port of San Francisco has been assigned by the San Francisco Human Rights Commission (HRC) an overall Local Business Enterprise (LBE) subcontracting participation goal of 20%. This means that 20% of all of the contracted work procured by the Port of San Francisco must be awarded to Local Business Enterprises or the contractor must have demonstrated a good faith effort to do so.

 In the award of leases, franchises, concessions, and other contracts not subject to the discount provisions of Administrative Code Section 14(b), contract awarding authorities such as the Port shall utilize the good faith effort steps to maximize opportunities for LBE participation, as deemed practicable to do so.

At the minimum, contract awarding authorities should notify LBEs that are certified to perform the work contemplated in a contract and solicit their interest in the contract. These good faith effort steps are described in each solicitation for a Port lease, franchise, concession and other contracts such as development agreements.

4. San Francisco Administrative Code Section 12B requires that all contracting agencies of the City, or any department thereof, acting for or on behalf of the City and County shall include in all contracts and property contracts executed or amended in any manner or as to any portion thereof, a provision obligating the contractor not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter against any employee of, any City employee work with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.

Definitions

1. *As-needed Professional Service Contracts* include professional service contracts procured on a request for qualifications basis to establish a pool of Master Agreements in which work is contracted under task orders or Contract Service Orders (CSOs), as needed to complete work required on an immediate basis that cannot otherwise be performed by existing City and County of San Francisco staff.

2. *Professional Service Contracts* procured through a *formal* contracting process -contracts valued greater than $29,000; changed to $100,000 effective February 10, 2010

3. *Professional Service Contracts* procured through an *informal* contracting process - contracts valued at less than $29,000; changed to $100,000 effective February 10, 2010.

4. *Construction Service Contracts*
- public works/construction contract means a contract for the erection, construction, renovation, alteration, improvement, demolition, excavation, installation, or repair of any public building, structure, infrastructure, bridge, road, street, park, dam, tunnel, utility or similar public facility that is performed by or for the City. (Effective February 10, 2010, informal contracting threshold increased from $100,000 to $400,000. Formally bid contracts have an engineering cost estimate that exceed $400,000)

5. *Information Technology Contracts*
 - acquisition of computer hardware, software, peripherals and appropriate network, consulting, maintenance, training and support services, as well as any successor contracts.

6. *General Services Contracts*
 - an agreement for those services that are not professional services. Examples of "general services" include: janitorial, security guard, pest control, parking lot attendants and landscaping services.

Other Contracting Activity

In addition to the above contracting activities, the Port has engages in a number of development agreements, leasing evaluations, renewals, and new leases.

Steps to Assure Non-Discrimination against MBEs, WBEs and OBEs

To assure that MBEs, WBEs and OBEs are not discriminated against in Port contracting opportunities, the Port has implemented the following standard procedures:

- Request information from the San Francisco Human Rights Commission as to the availability of MBEs, WBEs and OBEs certified as offering services required on Port projects. Such information includes availability statistics in percentages for MBEs, WBEs and OBEs. In addition, the Port has requested the MS Excel database of such certified firms to assure inclusion as project opportunities become available.
- Availability statistics in percentages are included in advertising for all formally procured contracts.
- Outreach through Minority, Women and Local media
- Direct mailing, faxing and e-mailing of procurement opportunity notices
- Identifying set-aside opportunities exclusively for Micro-LBE firms
- Working with Port staff to eliminate barriers to MBEs, WBEs and OBEs gaining access to Port contracting opportunities. Such barriers include qualifications based upon prior knowledge/experience on the project or past work with existing consultants.
- Hold prime consultants accountable for actions that impede the success of MBE, WBE and OBE firm's success on contracts such as the withholding of essential information required to perform subcontracted work by notifying the San Francisco Human Rights Commission to perform investigations, when deemed appropriate.

Steps to Assure Non-Discrimination in employment for all contracts.

Pursuant to the 12B Ordinance, the San Francisco Human Rights Commission has promulgated rules and regulations for the implementation of the nondiscrimination provisions of 12B. The various forms required as conditions of being awarded a goods/services/public works contract, development agreement, lease or concession are included in all advertisements for such contracts and incorporated into the finalized contract documents. The San Francisco Human Rights Commission actively participates in the selection process to assure compliance with these requirements and conducts investigations as deemed necessary to assure such compliance.

Total Summary of Newer As-Needed Professional Service Contracts

As-Needed Contracts	FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
Older Contracts-Consultants	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %	CSO Amt	DBE Amt	DBE %
Architectural & Engineering												
Creegan & D'Angelo	$24,995	$0	0.00%							$24,995	$0	0.00%
TEF/Winzler Kelly JV				$40,844	$37,403	91.58%				$40,844	$37,403	91.58%
Total A&E Services	**$24,995**	**$0**	**0.00%**	**$40,844**	**$37,403**	**91.58%**	**$0**	**$0**	**0.00%**	**$65,839**	**$37,403**	**56.81%**
Environmental												
Treadwell/HydroC JV	$6,000	$0	0.00%							$6,000	$0	0.00%
Weiss Associates	$14,619	$12,914	88.34%				$5,388	$0	0.00%	$20,007	$12,914	64.55%
URS/Avila JV										$0	$0	0.00%
Total Environmental Services	**$20,619**	**$12,914**	**62.63%**	**$0**	**$0**	**0.00%**	**$5,388**	**$0**	**0.00%**	**$26,007**	**$12,914**	**49.65%**
TOTAL CONSTRUCTION-RELATED	**$45,614**	**$12,914**	**28.31%**	**$40,844**	**$37,403**	**91.58%**	**$5,388**	**$0**	**0.00%**	**$91,846**	**$50,317**	**54.78%**
Real Estate												
Bay Area Economics	$107,304	$102,094	95.14%							$107,304	$102,094	95.14%
CBRE Consulting										$0	$0	0.00%
Economic Planning Sys.										$0	$0	0.00%
Keyser Marston Assoc.										$0	$0	0.00%
Total Real Estate Services	**$107,304**	**$102,094**	**95.14%**	**$0**	**$0**	**0.00%**	**$0**	**$0**	**0.00%**	**$107,304**	**$102,094**	**95.14%**
Construction Support Services												
BDI/ECS JV										$0	$0	0.00%
MCC2 JV										$0	$0	0.00%
Total Construction Support	**$0**	**$0**	**0.00%**	**$0**	**$0**	**0.00%**	**$0**	**$0**	**0.00%**	**$0**	**$0**	**0.00%**
TOTAL	**$152,918**	**$115,008**	**75.21%**	**$40,844**	**$37,403**	**91.58%**	**$5,388**	**$0**	**0.00%**	**$199,150**	**$152,411**	**76.53%**

Total Summary of Newer As-Needed Professional Service Contracts

As-Needed Contracts	FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
Newer Contracts-Consultants	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %
Engineering & Related Services												
Creegan + D'Angelo/F.E. Jordan				$54,525	$6,332	11.61%	$114,908	$13,673	11.90%	$169,433	$20,005	11.81%
Winzler & Kelly/SDE JV				$289,295	$65,266	22.56%	$8,108	$6,720	82.88%	$297,403	$71,986	24.20%
URS/AGS JV				$15,393	$5,250	34.11%	$144,130	$19,147	13.28%	$159,523	$24,397	15.29%
TOTAL Engineering & Related	**$0**	**$0**	**#DIV/0!**	**$359,213**	**$76,848**	**21.39%**	**$267,146**	**$39,540**	**14.80%**	**$626,359**	**$116,388**	**18.58%**

Total Summary of Non As-Needed Contracts

NOT As-Needed Contracts	FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %
Construction												
Ascent Elevator	$2,600	$0	0.00%							$2,600	$0	0.00%
Security Electric	$14,331	$0	0.00%							$14,331	$0	0.00%
Gold Spring Construction				$299,948	$69,341	23.12%	$2,242	$0	0.00%	$302,190	$69,341	22.95%
A&B Construction				$1,394,400	$363,000	26.03%			0.00%	$1,394,400	$363,000	26.03%
Total Construction	**$16,931**	**$0**	**0.00%**	**$1,694,348**	**$432,341**	**25.52%**	**$2,242**	**$0**	**0.00%**	**$1,713,521**	**$432,341**	**25.23%**
Professional Services												
Forell/Elsesser Engineering Inc.				$209,945	$42,619	20.30%				$209,945	$42,619	20.30%
Gerwick/SDE JV				$728,300	$193,000	26.50%				$728,300	$193,000	26.50%
Winzler&Kelly/Structus JV							$65,036	$5,208	8.01%	$65,036	$5,208	8.01%
Total Professional Services	**$0**	**$0**	**0.00%**	**$938,245**	**$235,618**	**25.11%**	**$65,036**	**$5,208**	**8.01%**	**$1,003,281**	**$240,826**	**24.00%**
General Services												
Xtech *				$295,360	$0	0.00%	$99,600		0.00%	$394,960	$0	0.00%
Total General Services	**$0**	**$0**	**0.00%**	**$295,360**	**$0**	**0.00%**	**$99,600**	**$0**	**0.00%**	**$394,960**	**$0**	**0.00%**
TOTAL Not As-Needed Contracts	**$16,931**	**$0**	**0.00%**	**$2,927,953**	**$667,959**	**22.81%**	**$166,878**	**$5,208**	**3.12%**	**$3,111,762**	**$673,167**	**21.63%**

LBE Participation Exempt	FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %
Construction												
Crusader Fence (Federal Contract)				$5,805	$0	0.00%				$5,805	$0	0.00%
Sabah International (Admin. Code sec. 6.65)				$8,345	$282	3.37%				$8,345	$282	3.37%
Cochran Inc. (sole source)				$1,900,000	$0	0.00%				$1,900,000	$0	0.00%
Bay Area Lightworks Inc. (Federal Contract)				$928,806	$212,697	22.90%				$928,806	$212,697	22.90%
San Francisco Conservation Corps. (HRC)							$96,989.00	$0.00	0.00%	$96,989	$0	0.00%
TOTAL Exempt Contract	**$0**	**$0**	**0.00%**	**$2,842,956**	**$212,978**	**7.49%**	**$96,989**	**$0**	**0.00%**	**$2,939,945**	**$212,978**	**7.24%**

*1st and 2nd Qtr amounts not previously reported.

Total Exempt Amount

FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
Contract Amt	LBE Amt	LBE %	Contract Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	Contract Amt	LBE Amt	LBE %
$0	$0	0.00%	$2,842,956	$212,978	7.49%	$96,989	$0	0	$2,939,945	$212,978	7.24%

Total Not-Exempt Amount

FY 2009-10 1st Quarter			FY 2009-10 2nd Quarter			FY 2009-10 3rd Quarter			FY 2009/2010 Cumulative to Date		
Contract Amt	LBE Amt	LBE %	Contract Amt	LBE Amt	LBE %	CSO Amt	LBE Amt	LBE %	Contract Amt	LBE Amt	LBE %
$169,849	$115,008	67.71%	$3,328,010	$782,210	23.50%	$439,412	$44,748	0.101837	$3,937,271	$941,966	23.92%

Num. of Contracting Activities Per Qtr.	Q1	Q2	Q3	FY Total
As-Needed CSOs	5	6	8	19
Construction	2	3	1	6
Professional Services	0	2	1	3
General Services	0	1	1	2
LBE Exempt	0	7	1	8
Total Per Quarter	**7**	**19**	**12**	**38**

PORT OF SAN FRANCISCO

MEMORANDUM

April 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Overview

Port staff requests Port Commission authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project. The existing roof at Pier 19 is beyond its useful life and currently leaks water into the interior. The project will provide a water tight roof assembly for the tenants.

Background

Pier 19 is a historic pier building over water, built in 1936. Piers 19, 19½ and 23 were operated and maintained under the multiple leaseholds over the past 20 years. The most recent leasehold was terminated in February 2009. Upon termination of the leasehold, Port staff inspected the roofs of Pier 19, 19½ and 23, and found Pier 19 to be in poor condition. It is estimated that the last roof was installed 34 years ago in 1976. The current use of the Pier 19 building is for dry storage goods by multiple tenants.

This Print Covers Calendar Item No. 8A

Project Description

All construction documents required for this project have been prepared by Port staff. The Pier 19 Roofing and Minor Dry Rot Repair Project scope includes removal of existing roofing materials, hazardous material abatement, selective dry rot repair to the roof deck, concrete parapet repairs, refurbish existing historic features including windows, repair and provide new drainage as required and provide a new built-up membrane roof with a cool roof coating.

The tenants will be protected by a temporary barrier and continuous air quality oversight by a Certified Industrial Hygienist during the removal of any roofing material and hazardous material abatement. Repairs to historic features of the pier building will be consistent with the Secretary of the Interior Standards as Pier 19 is listed on the National Register of Historic Places. Existing historic features include steel frame windows, roof ventilators, parapets, and areas on the roof side of the façade. The historic status of the building exempts the building from meeting the requirements of the Title 24 Energy Code; however, the project will provide a new cool roof which will reduce urban heat island effect.

Western Gulls commonly nest on roofs along the Port. Environmental regulations under the federal Migratory Bird Treaty Act (MBTA) protect the Western Gull during their nesting season. The nesting season occurs from mid April through early September. Under the MBTA, it is illegal to harass or otherwise harm Western Gulls with active nests with eggs or chicks. The construction period of the project is temperature sensitive and requires dry weather. As the time period of the dry season and bird nesting season coincide, the Port has enlisted the support of an environmental contractor to perform activities allowed under MBTA to prevent Western Gulls from establishing active nests on the Pier 19 roof.

The project scope qualifies for the Maintenance and Repair Categorical Exemption Class 1(d) under the California Environmental Quality Act (CEQA). The project description was submitted to San Francisco Bay Conservation and Development Commission (BCDC) in a customary 15-day notification. BCDC did not require further permit information and the project is deemed approved. An Army Corps of Engineers' permit is not needed for this work.

Bids will be advertised to reach contractors through the following methods:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Internet
- City and County of San Francisco purchasing internet
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Examiner and Small Business Exchange)

In the solicitation of bids for this project, Port staff will follow San Francisco Human Rights Commission (HRC) bidding procedures and requirements. The Human Rights Commission is reviewing the project scope and will make recommendations for subcontracting goal for Local Business Enterprises (LBE) in the solicitation of bids.

Funding

The total estimated construction cost for this project is $3,102,000 which includes a 10% contingency.

Title	Amount
Engineer's Estimate	$2,820,000
10% Project Contingency	$282,000
	$3,102,000

The estimated project cost, and the 10% contingency is fully funded by the Port Revenue Bond, Series 2010 account CPO 920, designated for repairs at Pier 19.

Schedule

The project is scheduled to start in July 2010, and the anticipated completion date is November 2010.

The following is the anticipated project schedule:

Commission Approval to Advertise	April 13, 2010
Advertise for Bids	April 15, 2010
Bids Due	May 11, 2010
Award of Contract	May 25, 2010
Notice to Proceed	June 2010
Final Completion	September 2010

Summary

Port staff is prepared to seek competitive bids for this project. Therefore, Port staff requests Port Commission authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project.

Prepared by: Wendy Proctor
Project Architect

For: Edward F. Byrne
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-20

WHEREAS, Port staff seek authorization to obtain competitive bids for construction Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project (the "Project"); and

WHEREAS, the construction Project will provide a water tight roof assembly for the Pier 19 tenants; and

WHEREAS, Port staff have completed design drawings and specifications for the Pier 19 Roofing and Minor Dry Rot Repair Project; and

WHEREAS, the current estimated project cost is $2,820,000, and the 10% contingency is $282,000 for a total of $3,102,000; and

WHEREAS, the current estimated Project cost, including the 10% contingency is fully funded by proceeds from the Port Revenue Bond, Series 2010 account CPO 290, designated for repairs at Pier 19; and

WHEREAS, the Project qualifies for the Categorical Exemption Class 1(d) under the California Environmental Quality Act (CEQA), and is deemed approved by San Francisco Bay Conservation and Development Commission (BCDC), and needs no permit from the Army Corps of Engineers'; and

WHEREAS, Port staff will incorporate the subcontracting goal for Local Business Enterprises (LBEs) as recommended by the Human Rights Commission (HRC), in the solicitation of bids for this Project; now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 13, 2010.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

April 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request adoption of the Port's Maritime Excursion Lease Renewal Policy that establishes internal guidelines for extending the terms of maritime leases for the berthing and operation of excursion vessels.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Background

The Port of San Francisco ("Port") is a public enterprise dedicated to maritime, transportation, recreation, public access and commercial and industrial uses on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

The Port receives inquiries from its current maritime excursion tenants for additional benefits from the Port in the form of extended leases, more leasehold space, change of use or other amendment to their leases. Port staff recommends that requests for lease renewals (including amendments and extensions thereof) are considered pursuant to a Maritime Excursion Lease Renewal Policy.

To ensure clarity, equity and consistency in considering such requests, Port staff recommends adoption of a policy delineating the circumstances under which the Port will consider a renewal, amendment or extension of a Maritime Excursion lease.

The Port Commission has previously adopted a retail leasing policy that covers all retail/ restaurant renewals. The Maritime policy, like the Port's current Retail Leasing Policy, levels the playing field and stresses competitive bidding of maritime leases that include retail opportunities. While all use provisions of Port leases for excursion uses are not exact, the fundamental premise of this policy is to outline a blueprint for current excursion tenants that lease Port property along with berthing space.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

The purpose of the policy is to protect maritime uses and expand excursion uses. A lease renewal request that proposes an expansion of maritime uses would be considered under this policy. A renewal request that proposes modifications to original use provisions exceeding the existing proportion and character of current uses would be considered by the Port, in its discretion, as part of a formal solicitation (e.g. Request For Proposals) for a new lease at the subject site.

This proposed policy was originally brought to the Port Commission at its January 12, 2010 meeting as an informational item. Subsequently, Port staff presented the proposed policy to the Port's Maritime Commerce Advisory Committee at its January 21, 2010 meeting. Additionally, Port staff met with representatives of the Port's current excursion operators to gain their perspective and ideas. Port staff also met with representatives of the National Park Service to outline the rationale for the proposed policy. As a result of these meetings and to clarify our desire for the expansion of maritime uses, Port staff has modified portions of the original draft policy.

Recommendation

Port staff recognizes the benefit of clarity and equity when enforcing its leases. Port staff acknowledges that further definition assists in this process and recommends approval of the attached Maritime Excursion Lease Renewal Policy.

Prepared by: Peter Dailey, Deputy Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-21

WHEREAS, Charter Section B.3581 empowers the Port Commission with the authority and duty to use, conduct, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, the Port of San Francisco is one of the nations leading excursion embarkation ports; and

WHEREAS, approximately 3 million people take excursion or ferry boats from the Port; and

WHEREAS, the Port's excursion tenants play an important role in San Francisco's position as a leading visitor destination; and

WHEREAS. The Port acknowledges the commercial need to supplement the maritime uses of excursion leases with retail amenities for passengers; and

WHEREAS, the Port wishes to provide clarity, equity and consistency in considering requests to extend or expand maritime excursion operations; and

WHEREAS, Port staff has crafted a policy delineating the circumstances under which the Port will consider a renewal, amendment or extension of a Maritime Excursion lease; and

WHEREAS the policy (the Maritime Excursion Lease Renewal Policy) is attached to the Executive Director's memorandum to the Commission dated April 7, 2010 regarding Maritime Excursion Lease Renewal Policy that is submitted with this Resolution and on file with the Secretary of the Commission; and

WHEREAS staff recommends that the Port Commission approve and adopt the Maritime Excursion Lease Renewal Policy; and, now therefore, be it

RESOLVED, that the Port Commission hereby approves and adopts the Maritime Excursion Lease Renewal policy.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 13, 2010.

Secretary

PORT OF SAN FRANCISCO
MARITIME EXCURSION LEASE RENEWAL POLICY

GENERAL PORTWIDE POLICY

The Port of San Francisco ("Port") is a public enterprise dedicated to recreational and maritime use, transportation, public access and commercial and industrial activities on a self-supporting basis through appropriate management, use and development of the waterfront for the benefit of the people of California.

The Port fosters maritime activity and encourages public use and enjoyment of the San Francisco waterfront. The Port strives to integrate maritime uses in its waterfront projects and promotes private investment in these activities for public benefit. The Port manages its properties equitably at market value and in accordance with all laws.

OVERVIEW

The Port is home to major San Francisco visitor venues. Tourism is the City of San Francisco's leading industry and the Port is the embarkation point for waterborne tours in and around San Francisco Bay that serve millions of visitors annually. Port Excursion and ferry operators are valued tenants of the Port and provide significant transportation benefits, emergency preparedness options and substantial economic impact for the City. The Port values our long standing relationships with current excursion and ferry operators and is proud of the outstanding maritime transportation services these tenants provide.

The Maritime Excursion Lease Renewal Policy pertains to the Port's maritime leases along its Waterfront with tenants who provide waterborne excursion (including ferry excursion) activities. These activities include Bay tours, passenger ferry operations, excursions to Alcatraz and Angel Islands, and other similar water-related excursion operations. This policy is a guide for current Port excursion operators seeking long-term maritime excursion lease renewals.

This policy is intended to set internal guidelines only. It is not intended to restrict the Executive Director's authority to make any decision deemed in the Port's best interest. This Maritime Excursion Lease Renewal Policy recognizes the Port's desire to promote and protect its maritime uses and offers guidelines for renewal for such maritime excursion leases. This policy does not cover requests for changes to the use allowed under a lease. All renewals must retain at least the same proportion of maritime uses as defined in the existing lease.

This Maritime Excursion Lease Renewal Policy is intended to ensure that maritime excursion leases are equitably administered, are fairly valued, generate revenues to the Port and its business partners, and serve the San Francisco residents and visitors. It is acknowledged that Maritime excursion tenants are required to provide a high level of private investment, such as landing facilities, vessels and other necessary equipment, in order to operate successfully.

It is intended and will be administered to support Port tenants and their investments in Port leased property and their reasonable commercial expectations. Through this Maritime Excursion Lease Renewal Policy, the Port is committed to maximizing the use of existing maritime excursion vessel facilities and realizing financial and other benefits to the Port's portfolio. For purposes of this Maritime Excursion Lease Renewal Policy, "renewal" and "renew" shall include lease renewals, extensions, and/or amendments to existing leases with maritime excursion tenants as described above.

MARITIME EXCURSION LEASE RENEWAL POLICY

The Port has adopted the following requirements governing the review of requests for Renewal of an existing lease that includes scheduled waterborne excursions in and around San Francisco Bay and that may or may not include sales of tickets and other ancillary consumer goods and services:

A. Conditions to Consideration for Lease Renewal include but are not limited to:

1. The Port will consider proposals to renew Maritime Excursion Leases that include term extensions only within the final five years of a current lease or in the event that a Tenant proposes tenant-financed, maritime use expansion or improvements (such as structural or life-safety improvements) to Port facilities that cannot be amortized within the existing lease term but can be amortized before the expiration of an extended term.

2. The Port will not consider modifications to use provisions for a current lease, including expansion of retail uses, if the modifications exceed the existing proportion and character of current uses. The Port will only entertain a non-proportionate increase of retail as a part of a formal solicitation (e.g. Request for Proposals) for a new lease at the subject site.

3. The Port reserves the right to approve in its discretion the use of any specific Port location for excursion service.

4. The Tenant must be a "tenant in good standing," in accordance with Port Commission Resolution No 09-49.

5. Proposed capital improvements will be completed at the Tenant's expense. If a Lease is renewed based on Criterion #1 above, the Tenant must make a good faith effort to perform such improvements within 60 months of Lease Renewal and failure to do so may result in immediate termination of the Renewed Lease.

6. Tenant must demonstrate the financial capacity to undertake and complete the proposed improvements, including all sources of financing, which shall be reviewed independently by the Port.

7. Any lease renewals will be reviewed and approved by the Port Commission and by the City Board of Supervisors, if required each in its independent authority.

B. Obligations of Renewed Leases include but are not limited to:

1. Tenant or its authorized agent (such as a wholly owned or Tenant-controlled subsidiary) must be the excursion operator. Any subtenants will be reviewed and approved by the Port in its discretion.

2. Market rent will be established at execution of the Renewed Lease based on available industry comparables and site history.

3. The Port will charge a participation rent on all concession revenues.

4. The Port will charge a participation rent on all retail sales, including subtenant sales.

5. The Tenant will disclose all gross revenues and grant the Port the right to conduct periodic audits and obtain and review related financial reports promptly following request.

6. The Port may participate appropriately in proceeds from the sale, transfer, assignment and refinancing of Port leaseholds as specified in the current Port Commission lease boilerplate. The Port will retain the right to approve all ownership and capital changes.

7. The Tenant will adhere to California Environmental Quality Act provisions and cooperate fully with the Port of San Francisco and the San Francisco Planning Department during the CEQA compliance process. The Tenant will comply with all other laws, including, without limitation, current San Francisco City laws and regulations.

8. Upon completion of an existing excursion lease, the Port reserves the right not to renew the lease due to proposed project(s) at a given location, existing area conditions or other land use considerations affecting the use under the lease.

The Port Commission reserves the right, in its sole discretion, to modify or waive any portion of this policy. Additionally, this policy is not intended to apply to Port Commission Request for Proposals ("RFP") or Exclusive Right to Negotiate Agreements ("ENA"), for any lease, development, rehabilitation or use of the Port's property. Such an RFP or ENA may include some, but not all, of the considerations contained in this policy.

EFFECTIVE DATE

Upon adoption by the Port Commission, this Policy shall become effective on May 1, 2010.

PORT OF SAN FRANCISCO

MEMORANDUM

April 7, 2010

TO: MEMBERS, PORT COMMISSION
Hon. Rodney Fong, President
Hon. Stephanie Shakofsky, Vice President
Hon. Kimberly Brandon
Hon. Michael Hardeman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on the Design Program of the Pier 27 Cruise Terminal and Open Space Project

DIRECTOR'S RECOMMENDATION: Information Only – No Action Required

INTRODUCTION

In September 2007, Mayor Gavin Newsom's blue ribbon Cruise Terminal Advisory Panel recommended that the Port develop a new, primary terminal to meet the increased demand for cruise ships and enhance San Francisco's reputation as a world class, waterfront city and tourist destination. Pier 27 was selected to be the primary cruise terminal site because it represented the most cost-effective and operationally-efficient location on the San Francisco waterfront.

The Port Commission accepted the Panel's recommendations which included transforming the existing Pier 27 shed into a vibrant year-round cruise terminal that will meet the evolved security and passenger demands of the cruise industry while also being configured to allow meeting and special event uses when not occupied for cruise purposes. The Port's goal is to develop a world-class home port cruise terminal that reflects the values of San Francisco residents and the City's leadership, meets international cruise terminal standards, and complies with community and regulatory requirements, including the Port's commitment to the stewardship of waterfront historic resources within the Embarcadero Historic District.

In February 2009, the Port completed the Pier 27 Cruise Terminal Conceptual Site Planning Study. The study looked at several alternatives and provided high-level,

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conceptual planning information and analysis to transform the existing pier and maritime shed for use as a primary, single-berth cruise terminal. The Port reviewed, evaluated these alternatives, and determined that it was feasible to move the project forward.

In May 2009, the Port Commission authorized staff to enter into negotiations with the Department of Public Works ("DPW") to help implement the Pier 27 cruise terminal project. A Memorandum of Understanding between the Port and DPW was finalized in June 2009. In July 2009, DPW, on behalf of the Port, issued a Request for Qualifications, soliciting professional Architectural and Engineering services with specialized cruise terminal design experience. In August 2009, DPW received nine proposals and in September 2009, a five-member selection panel interviewed four design teams.

In November 2009, Port Commission Resolution No. 09-70 authorized Port staff to execute the design contract with the recommended joint venture team of KMD Architects and Pfau Long Architecture in association with cruise terminal design consultant, Bermello Ajamil & Partners ("Design Team") for Architectural and Engineering Services for the Pier 27 Cruise Ship Terminal and Open Space Project ("Project").

The Design Team has been tasked with the programming, conceptual and schematic design to convert Pier 27 into a functional modern cruise facility that meets industry standards, but also be converted to meeting and special events when the facility is not being used for cruise operations. The Port and the Design Team executed the design contract and initiated a design process in January 2010. This began with a series of internal design sessions that led to development of a draft Facility Program Statement.

The Statement defines project goals with respect to terminal operations, vessel service fleet, the connectivity of the terminal and site to adjacent public spaces, activation of the proposed on-site public spaces, and building technical constraints and opportunities. It also identifies projected space demands for the terminal and required spatial program for optimal efficiency. As summarized in this staff report, this Statement provides in narrative form a description of the uses at Pier 27 which forms the basis of later design work. Accordingly, there are no diagrams or cost estimates at this juncture. The final Facility Program Statement will be made available on the Port website, but a copy can be provided upon request.

PROJECT OBJECTIVES

The Port intends to develop a new primary Cruise Terminal to replace the existing facility at Pier 35 that meets industry standards (i.e., a world-class terminal capable of handling the current and future class of vessels with a state-of-the-art facility which is user-friendly and cost-efficient). The existing Pier 35 operation is not optimal because of its short berths, narrow aprons, limited terminal capacity, high operating costs and minimal passenger pick-up and drop-off areas.

An October 1998 staff report to the Port Commission stated that "a new cruise terminal is required in San Francisco to efficiently meet the current needs of cruise lines and

passengers, as well as the expected future cruise business." At the time this staff report was written, 27 cruise ships called at the Port. In 2006, the number of cruise calls increased to a peak of 86. Since 1998, the size of cruise ships has increased dramatically. The Port needs to provide a cruise facility to accommodate these larger ships with increased passenger loads.

The Port has twice attempted to construct a new cruise terminal at Piers 30-32 through public-private partnerships. Although both attempts did not succeed, the current Cruise Terminal plan at Pier 27 will be principally Port-funded and will generate substantial returns to the City. A recent Bay Area Economics study concluded that the cruise ship industry in San Francisco supports approximately $31.2 million annually in economic activity and generates 300 jobs within San Francisco. In addition, the industry generates nearly a million dollars annually in direct tax revenues that accrue to the City's General Fund.

The Port envisions a new primary cruise terminal that will enhance the City's reputation as a world class, waterfront city and tourist destination as well as preserve and promote one of its major maritime industries.

In addition, the Port is fully committed to develop a community project that includes significant and unique public open space, facilities for meeting and special events, and ancillary retail uses that overall will attract visitors to the San Francisco waterfront.

Specific Project objectives include:

- Convert or replace the Pier 27 shed into a vibrant year-round Cruise Terminal and community asset;
- Ensure that the Cruise Terminal will meet evolved security and passenger handling demands of the cruise industry;
- Reconfigure the Cruise Terminal to allow for meetings and special events when it is not occupied for cruise purposes;
- Provide user-friendly facilities and services to all potential users, including cruise passengers, meeting planners, waterfront tourists and the general public;
- Develop a major, two-acre open space area, known as the Northeast Wharf Plaza, between the Embarcadero and the Cruise Terminal so that City residents and visitors will be able to enjoy the presence of cruise ships, maritime activity and views of the Bay and Treasure Island;
- Create a public open space network that will have a regional public benefit, while respecting cruise operational and security requirements;
- Develop a built-in flexibility in the Cruise Terminal to allow berthing of different types and sizes of cruise vessels and meet the needs of different operational modes;
- Offer cruise passengers an improved experience through efficient baggage handling, security screening, check-in embarkation and disembarkation procedures;
- Develop uses that activate the Northeast Wharf Plaza so that it can be used year-round;

- Develop flexibility into the design to allow phased construction of key elements of the Project should the budget not optimally support these objectives;
- Build and manage the Cruise Terminal to highest feasible environmental design standards in compliance with a LEED certification level to be determined; and
- Create a Cruise Terminal which will provide an on-going stimulus to the San Francisco economy by attracting visitors and contributing tax revenue to the City's General Fund.

BUDGET

Building on the information provided in the Facility Program Statement, the Design Team will initiate a Concept design phase which will include various design options. Each design concept will be based on a project budget of approximately $60 million.

Depending on the capital outlay of revenue-generating components (i.e., retail and shared meeting/special event space), the budget may be increased if it can be demonstrated that these components can provide on-going revenue stream to support the cost of construction.

EXISTING PIER AND SHED CONDITIONS

Keeping in mind these objectives, the Design Team examined conditions of the Pier 27 project area and has concluded by submittal of the Facility Program Statement that:

- Pier 27 substructure and superstructure are in relatively good condition, but there is deterioration of the marginal wharf;
- The approximately 1,300 foot long apron and large berthing basin allows for maximum ship positioning (Only 950 feet of Pier 35 is usable for cruise ships);
- The 50 foot wide apron allows for ship provisioning, elevated gangways, as well as emergency access to the Embarcadero (Pier 35 is only 18 feet wide);
- Large-span column bays within the Pier 27 shed allows for maximum flexibility for configuration of cruise terminal spaces;
- Existing Pier 27 shed walls are non-structural allowing for possible removal/replacement if appropriate; and
- There is ample space within the valley area between Pier 27 and Pier 29 ("Valley") to configure a ground transportation area for the Cruise Terminal operation and an area that would provide support space for meeting/special event use.

The Port has confirmed that no seismic upgrade to the pier substructure is required. However, substructure repairs to the marginal wharf will be needed to prevent further deterioration of these damaged areas and will restore the substructure's original structural capacity. These improvements will include demolishing damaged areas, shoring where required and building new cast-in-place concrete.

BUILDING IMPROVEMENTS

The Design Team assumes that at minimum 56,000 square feet of the approximately 220,000 square feet Pier 27 shed will be demolished to create the Northeast Wharf Plaza. A portion of the remaining 164,000 square feet will be used for the Cruise Terminal and for meetings and special events; the remaining section may be kept in existing use.

Seismic: Using the 2008 Port Building Code ("Code"), the Design Team assumes that the new Cruise Terminal will require an occupancy rating III (i.e., buildings where more than 300 people congregate in a given area). Accordingly, the pier shed will require seismic upgrade.

Life-Safety: Using the Code provisions, the Design Team is considering an option to separate the existing Pier 27 shed into two distinct structures. One portion would be the Cruise Terminal. The other retained portion of the Pier 27 shed that is connected to Pier 29 will maintain its current use and would be used for provisioning and, conceivably, other uses if they do not trigger life-safety requirements. The Project budget currently does not allow for tenant improvements for this area; this portion of the shed would remain largely in its current condition.

A separation distance of 20 to 60 feet is being considered between the Cruise Terminal and the retained portion of Pier 27. This separation distance will depend upon the further Code review, but include a fire department vehicle access route and a project emergency egress plan.

SHIP BERTHING PROGRAM

In coordination with Port efforts to install shoreside power at Pier 27 this year, the Design Team has reviewed the locations in context of likely ships that will berth at the pier with the mobile gangway connections between the cruise vessels and the Cruise Terminal. Attachment B illustrates where cruise ships equipped with shoreside power equipment will be berthed, the location of the passenger exits on each vessel and where the overhead pedestrian gangways will connect with the Cruise Terminal. The location of the gangway system will frame the overall parameters of where the spaces within the Cruise Terminal will be located.

As part of a program to better moor ships berthed at Pier 27, there will be a bollard replacement and fendering study to analyze the value-added benefits of various designs weighed against budgetary constraints.

CRUISE TERMINAL SPACE PROGRAM

The size of the Cruise Terminal is dependent upon the design occupant loads which are driven by overall demand for these facilities and the types and sizes of cruise ships currently and likely to visit San Francisco in the future. The Design Team has recommended that two design occupant loads be considered. They consist of a base design load ("BDL") and a peak design load ("PDL"). The BDL will consist of a total one-

way occupant load of 2,600 passengers (a panamax-sized vessel); the PDL will consist of total one-way occupant load of 4,000 passengers (a post-panamax vessel).

The Design Team argues that this approach is necessary to maximize budget efficiency based on the greater frequency of the BDL vessel size activity in San Francisco. This approach provides a minimum amount of space necessary to comfortably operate under a BDL scenario, but provide the capacity to the Terminal such that with increased operational staffing and modified operating methods can be utilized to handle a PDL event. This allows for the best operating environment for the majority of cruise ship calls and is the most efficient use of the Project budget.

The size of the Cruise Terminal is dictated by total passenger capacity served and total staff positions available to process passengers on and off a cruise ship. From a cruise line and passenger point-of-view, the success of a cruise terminal is directly related to the amount of time waiting in the terminal, especially queuing or at circulation bottlenecks. Accordingly, the Design Team has recommended that at least 90% of passengers should be processed within 30 minutes from ship to terminal exit, and vice-versa. This is a reasonable target and consistent with other world-class cruise terminals. Achievement of this target will ensure the Cruise Terminal's competitive advantage when marketing the Port to cruise operators.

The Cruise Terminal should be designed to allow the total disembarkation process (i.e., passengers, crew, baggage and provisions) to be completed within 3.75 hours and total embarkation process to be completed within 5 hours.

Based on these guidelines, the Design Team recommends that the total space allocated to the Cruise Terminal should be approximately 80,000 square feet. The current breakdown of this space would be:

Lobby & Security Screening	10,300 square feet
Embarkation – Check-In	16,500
Vertical Circulation Core	5,900
Disembarkation Services	20,300
Security	900
Operations	2,900
Customs and Border Protection	10,700
Subtotal—Total Programmed Area	67,500
Building Envelope/Partions/Shaft, etc.	3,400
Terminal Program Area	70,900
Mechanical, Electrical, Plumbing Systems	8,600
Total Cruise Terminal Area	79,500 square feet

However, the preliminary cost estimates currently support development of 65,000 square feet of terminal space which is less than optimal to handle the largest class of ships. During the next phase of the Project, the Design Team will develop recommendations on how to reconcile the Cruise Terminal size with the Project budget.

In summary, the Design Team will consider design options. One option might be that the current 220,000 square foot Pier 27 shed would be divided into different portions. Approximately, 65,000-80,000 square feet would be used for the Cruise Terminal, at least 56,000 square feet would be demolished for the Northeast Wharf Plaza and the remaining portion would be retained and be used most likely for provisioning/warehouse space.

VEHICULAR CIRCULATION PROGRAM

Cruise Terminal vehicular access can be generalized into four types: provisioning trucks, buses, taxis and private automobiles. The area between Piers 27 and 29, known as the "Valley," is large enough to meet most of the vehicular needs for the cruise terminal. Provisioning trucks typically arrive prior to a cruise ship arriving in berth and would move through the Valley to provisioning spaces within the north end of the Pier 27 shed and apron. Buses, taxis and private automobiles would largely be accommodated within the Valley. The Design Team will also explore options for meeting vehicle needs off-site by shuttling passengers to the terminal. Emergency vehicle access would occur both through the Valley and along the Pier 27 apron where it could directly access the Embarcadero.

Primary access to the Cruise Terminal may be located adjacent to Pier 29 to avoid impacting the intersection of Lombard Street and the Embarcadero. The Design Team will explore options for separating the bus, taxi and private automobile circulation within the Valley.

Cruise Terminal design goals for vehicular circulation include:

- Minimize pedestrian and vehicular conflicts at the Embarcadero promenade and throughout the site;
- Segregate buses, taxis, privately-operated vehicles, and provisioning trucks, where desired for function and safety;
- Circulation should be able to facilitate simultaneous cruise arrivals and departures;
- Provide for luggage handling at curbside and bus positions;
- Circulation design and site layout should be developed in a flexible manner with a minimum of fixed elements to allow for other Valley uses;
- Provide vehicular and pedestrian way-finding signage; and
- Provide weather protection at curbside.

PUBLIC SPACES

The Port and the Bay Conservation and Development Commission ("BCDC") have jointly agreed for the development of the Northeast Wharf Plaza at Pier 27 when the two

entities reached an historic agreement in 2000, establishing consistent policies for the San Francisco waterfront. The Northeast Wharf Plaza ("Plaza') will be an approximately two-acre triangular public space bounded The Embarcadero Promenade, the Bay and the Cruise Terminal. From a Plaza vantage point, City residents and waterfront visitors will be able to enjoy the Bay and Treasure Island when cruise ships are not in berth as well as, at other times, the presence of cruise ships and other vessels as a part of the Navy's Fleet Week, the Tall Ship Festival, and ceremonial calls from around the world. The Plaza will also feature views of Coit Tower, people strolling along The Embarcadero Promenade. The Design Team will have to develop an identity for the Plaza; this may be associated with the Cruise Terminal's function as a point of international embarkation.

The Plaza will be a combination of hard and softscape to accommodate a variety of uses for planned and/or informal programs and would likely have a major identifying feature to activate its central space. The Plaza would include seating, passive recreation spaces and lighting. The Plaza may also include public restrooms, food kiosks, and/or adjacent food opportunities, public art, protection from wind and sun, and spaces to enjoy views of maritime activities and the Bay. Portions of the Plaza adjacent to the berth would require closure to maintain required security distances when a ship is in berth. The Plaza would be open 24-hours and be designed with appropriate lighting and other security features to facilitate maximum public use.

The Cruise Terminal site would also include a network of public spaces with access to the Bay. These public spaces include possible daytime public access along the Pier 27 apron and the north end of Pier 27 when cruise ships are not in berth. The public space program would also be designed in consideration to public spaces on adjacent piers.

The public space components are intended to complement the Cruise Terminal operations and site uses, while also being able to thrive independently.

REVENUE-GENERATING USE PROGRAM

In addition to the Cruise Terminal operation, the Design Team will consider other uses that are envisioned to generate on-going revenue to the Port: a restaurant/retail component, and temporary meeting/special event use of the Cruise Terminal. These uses will be articulated more fully as the design process proceeds.

Restaurant/Retail Uses:

- Consideration of approximately 10,000 square feet, a portion of which might include a restaurant;
- This enclosed restaurant might be augmented by outdoor dining, if feasible;
- In addition, a small café or kiosk, a small souvenir shop and/or bike rentals, etc. might be included;
- These uses should complement the Plaza. The design of the Plaza is more important than the specific location for the restaurant/retail; and

- The historic Pier 29 building (known as the Beltline Railroad Office Annex), located along the Embarcadero, has potential retail/food and beverage reuse on the ground level, if within the Project budget.

Meeting/Special Event Use:

- Consideration of using a portion within the Cruise Terminal for a wide variety of event types and user groups;
- The better the space is improved and the larger the space is, higher revenue can be generated (and requiring higher operational costs); and
- The location of the special event space will be dependent upon the design of the Cruise Terminal; once the location, size and quality of the space is determined, more detailed programming and revenue/cost projections can be determined.

NEXT STEPS

Based on a final Facility Program Statement, the Design Team will then start to develop design options that best meet the overall Project objectives and the use programs for a Cruise Terminal, Open Space Network, and Revenue-Generating Uses, etc. As these programs and designs evolve, Port staff will return to the Port Commission to present updates. Additionally, through this process during the next few months, the Design Team will develop a preliminary cost analysis for each option that ensures the overall program meets the fixed budget limit.

In consultation with the Port, the Design Team is expected to prepare a preferred option with several design variations for Port Commission review. There will be public review and input which will allow iterations to refine the preferred conceptual option. Pending the Port Commission's adoption of a final Concept design later this year, the Design Team will commence with Schematic design.

PUBLIC OUTREACH PROCESS

The Port will provide the public with substantial opportunities to review and comment on the progress of the Project design. The Port will host a series of public workshops which enable the public to review and comment on the Project design. For the Conceptual design phase, the first public workshop is anticipated during the summer of 2010 with a follow-up workshop during the fall of 2010.

The Port has been working with the San Francisco Bay Conservation and Development Commission ("BCDC") staff to provide a series of opportunities to help shape the Project design. Following the initial public workshop during the summer, there will be a public hearing of the BCDC Design Review Board and the Port's Waterfront Design Advisory Committee ("DRB/WDAC"). The initial DRB/WDAC meeting is scheduled for this summer. After this public hearing, Port staff will provide an informational presentation to the BCDC Commission.

The Port has established the Cruise Terminal Design Steering Committee to review and comment on decisions regarding the design of the Cruise Terminal and the Open Space network. The current roster of members is listed on Attachment C. The initial meeting is set for May 6, 2010 which will serve as a Project introduction and a review of the programming components. There will be additional meetings with the Steering Committee during the Conceptual and, later, the Schematic Design phases.

In addition, Port staff will make presentations to the Northeast Waterfront Advisory Group on June 2, 2010 and Maritime Commerce Advisory Committee on May 20, 2010 and other stakeholders, as needed or as requested by the respective organizations.

In general, once the Design Team has submitted a work product, Port staff will first present the information to the Port Commission, followed by the Steering Committee, the DRB/WDAC and other advisory groups and interested neighborhood and civic groups. Based on this iterative design process, the Port Commission will be able to consider a wide range of regulatory and community input before considering approval of a Concept Design and a Schematic Design.

Prepared by: John Doll, Project Manager
Planning & Development

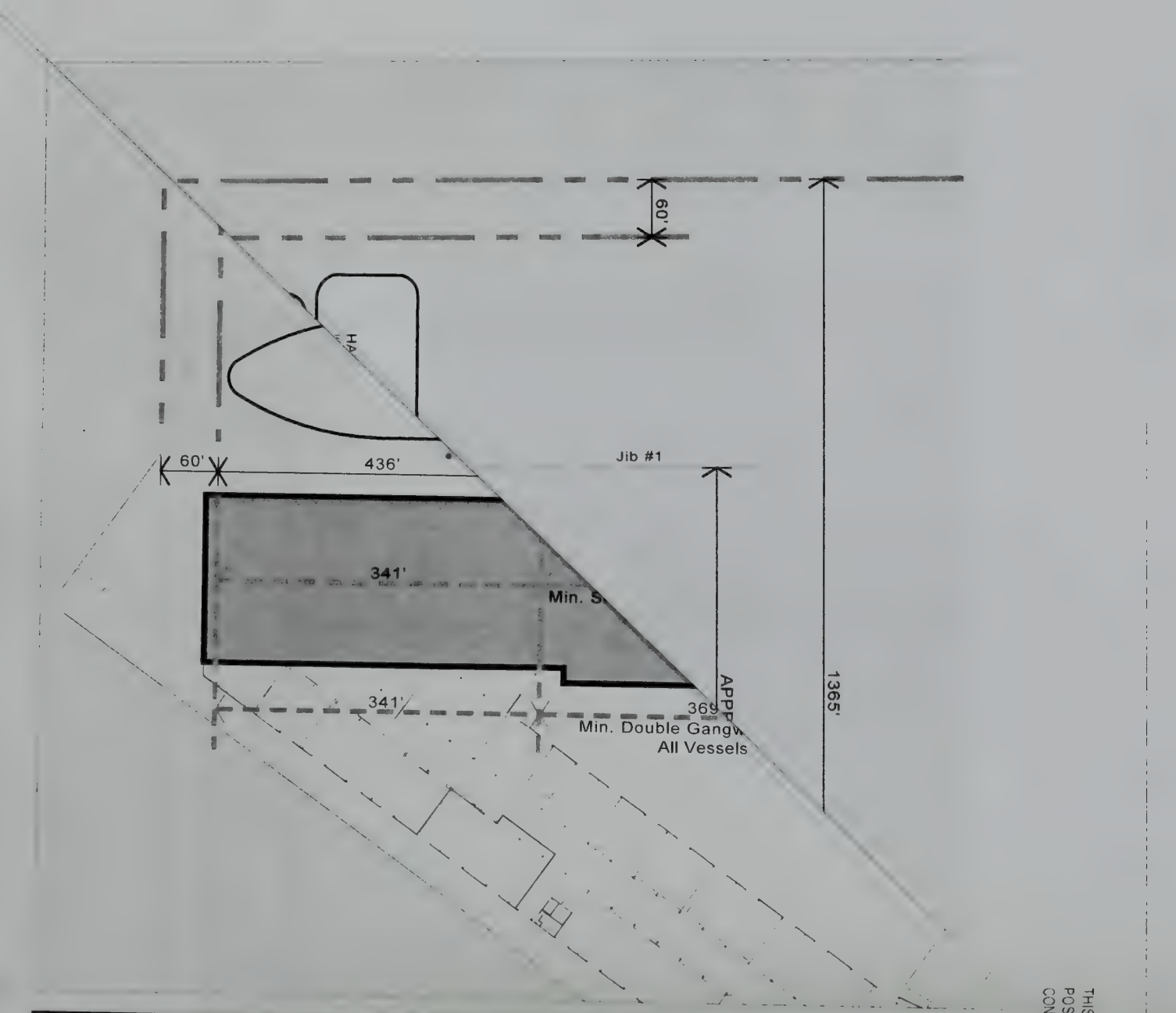
Kim von Blohn, Project Director
Engineering

For: Byron Rhett, Deputy Director
Planning & Development

Ed Byrne, Chief Harbor Engineer
Engineering

Peter Dailey, Deputy Director
Maritime

Attachment A: Project Site
Attachment B: Berth Analysis: Coordinated Shore Power Layout
Attachment C: Steering Committee Roster



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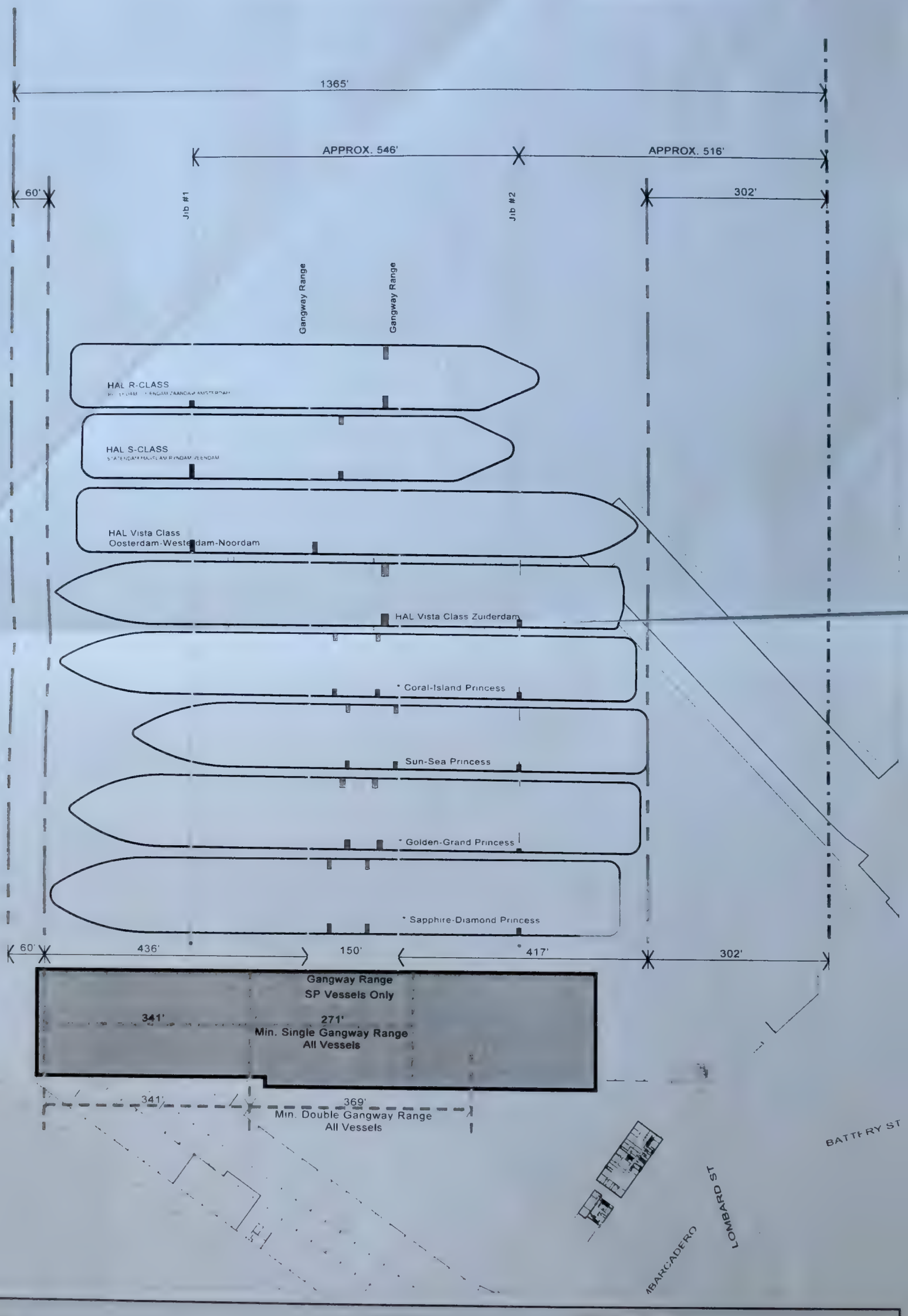
PORT OF SAN FRANCISCO

March 05 2010

SP - 4

THIS DIAGRAM HAS BEEN COORDINATED WITH
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CONSTRUCTION DOCUMENTS

SHORE POWER LOCATION



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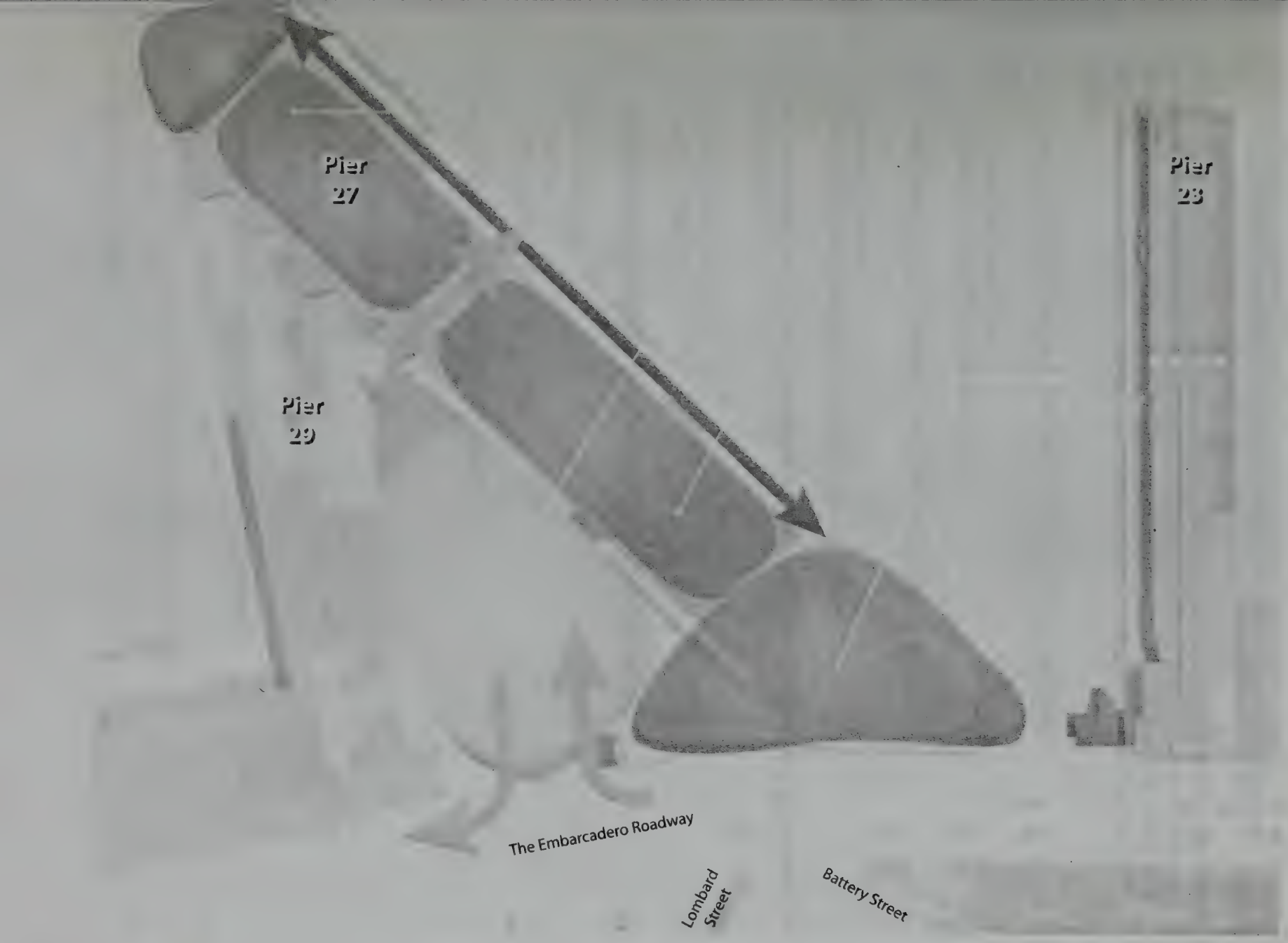
PIER 27

PORT OF SAN FRANCISCO

March 05, 2010

BERTH ANALYSIS
COORDINATED SHORE POWER LAYOUT

SP - 4



Northeast Wharf Plaza

Pier 27 - Cruise Terminal and Northeast Wharf Plaza - Site Concepts Port of San Francisco

ATTACHMENT C

CRUISE TERMINAL DESIGN STEERING COMMITTEE ROSTER

The Port set up the Cruise Terminal Design Steering Committee ("Steering Committee") to establish decisions that may impact the Cruise Terminal building or the Northeast Wharf Plaza design. The Steering Committee will meet on an as-needed basis to review the progress of the Project and make decisions necessary to advance the Project.

1. **PORT'S CRUISE AGENT, METRO STEVEDORE COMPANY**

 Stefano Borzone-Pinna
 President, Metro Cruise Services

2. **SAN FRANCISCO CONVENTION AND VISITOR'S BUREAU**

 Leonard Hoops
 Executive Vice President & Chief Customer Officer

3. **SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC)**

 Lindy Lowe
 Senior Planner

4. **SAN FRANCISCO HISTORIC PRESERVATION COMMUNITY**

 David Wessel
 Principal
 Architectural Resources Group

5. **BUSINESS COMMUNITY AT LARGE**

 Patrick Gallagher

6. **ARCHITECT AT LARGE**

 Ellen Lou
 Director, Skidmore Owings & Merrill

7. **THREE NEIGHBORHOOD REPRESENTATIVES**

 Andy Katz
 Co-Chair, Telegraph Hill Dwellers Waterfront Committee

 Monica St. Geme
 Member, Barbary Coast

Wells Whitney
Member, RENEWSF

8. ADA COMMUNITY

Howard Chabner

9. PORT COMMISSION MEMBER

Rodney Fong
President, Port Commission
Port of San Francisco

10. PORT MARITIME DIVISION

Peter Dailey
Deputy Director

11. PORT PLANNING AND DEVELOPMENT DIVISION

Byron Rhett
Deputy Director

12. PORT FINANCE AND ADMINISTRATION DIVISION

Larry Brown
Financial Analyst

13. PORT ENGINEERING DIVSION

Ed Byrne
Chief Harbor Engineer

SAN FRANCISCO
PORT COMMISSION

APRIL 13, 2010
MINUTES OF THE MEETING

GOVERNMENT
DOCUMENTS DEPT

MAY - 7 2010

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PUBLIC LIBRARY

MEMBERS, PORT COMMISSION
HON. RODNEY FONG, PRESIDENT
HON. STEPHANIE SHAKOFSKY, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. MICHAEL HARDEMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
APRIL 13, 2010

1. CALL TO ORDER / ROLL CALL

Commission President Rodney Fong called the meeting to order at 2:00 p.m. The following Commissioners were present: Rodney Fong, Stephanie Shakofsky, Kimberly Brandon and Michael Hardeman. Commissioner Ann Lazarus was not present.

2. APPROVAL OF MINUTES - March 23, 2010

ACTION: Commissioner Hardeman moved approval; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor; the minutes of the March 23, 2010 were adopted.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 2:03 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 (a) and San Francisco Administrative Code Section 67.10(d):

- City & County of San Francisco by and through its Port Commission vs. William Dawson d.b.a. Seafood Suppliers, Inc. Superior Court of the State of California, County of San Francisco (Case No. CUD-09 629-282).

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section

54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: AB 8719, Lot 002, also known as Seawall Lot 337, AB 9900, Lot 62, also known as China Basin Park, and AB 9900, Lot 048 and AB 9900, Lot 048H, also known as Pier 48 (all bounded generally by China Basin, the San Francisco Bay, Mission Rock Street, and Third Street)
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
*Negotiating Parties: Jack Bair, SWL 337 Associates, LLC

b. Property: Various paper streets, a rail right-of-way and submerged lands within the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Areas (for the Candlestick Point/Hunters Point Phase 2 project).
Person Negotiating: Port: Susan Reynolds, Deputy Director, Real Estate
*Negotiating Parties: San Francisco Redevelopment Agency: Fred Blackwell, Executive Director; State of California: Paul Thayer, Executive Officer, State Lands Commission

5. RECONVENE IN OPEN SESSION

At 3:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman made a motion to adjourn executive session and reconvene in open session; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Shakofsky made a motion not to disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

6. ANNOUNCEMENTS. Renee Dunn Martin, Communications Manager, announced the following:

A. **Announcement of Prohibition of Sound Producing Devices During the Meeting**

Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

B. **Announcement of Time Allotment For Public Comments**

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

7. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- People's Earth Day and Grand Opening of the new EcoCenter at Heron's Head Park at Pier 98 - April 18, 2010 from 10 a.m. to 3 p.m.

The annual Earth Day is going to be celebrated in San Francisco on Sunday, April 18, 2010, with a combination of things, not the least of which is the long-awaited opening of the new Eco Center at Heron's Head Park. This concept came to life in 2001 with support from many different divisions of the city, and especially the Port in partnership with the Literacy for Environmental Justice, which is also a consultant to the Port.

The Eco Center is funded by many sources, namely the city of San Francisco's Department of the Environment, the California State Coastal Conservancy, the American Recovery and Reinvestment Act, the stimulus funds that came through the State Water Resources Control Board, the Mayor's Office of Housing, and numerous public and private donors. It is a testament to how popular this Eco Center will be when it opens at the end of the week.

The Eco Center's a long collaborative process. Malik Looper, the executive director for Literacy for Environmental Justice, will discuss the great things that happened there and how it came about and what it's made of. She invited everyone to come out this Sunday and join in the opening celebration. She hopes that people will continue to come out because the Eco Center is the jewel of the Heron's Head Park area.

She thanked Carol Bach and the planning and development division, Mark Lozovoy and the real estate division, the engineering division and the maintenance division with help from a number of people too numerous to mention have all kicked in to help make this happen. It couldn't happen without the leadership and drive of the LEJ staff led by Malik.

Malik Looper, executive director of the Literacy for Environmental Justice, indicated that he appreciates the partnership between Literacy for Environmental Justice and the Port of San Francisco. It's a joy to steward and restore Heron's Head Park, but also to work with Port staff to bring a physical asset on top of the land that they worked with the Port to restore.

The building itself is very exciting. It's an environmental education facility. As Monique pointed out, there's lot of financial support for this. This is a very unique facility in that it is an off-grid facility, meaning it is not tied to the electrical grid. There are lots of different green aspects to this project.

What makes this project very unique, aside from the building itself, is that this is something that is coming from a neighborhood, that having youth participating in developing a vision and shaping what this project looks like, and ultimately benefiting from it, is something that they're excited about.

People's Earth Day will be celebrated on April 18. On that day, they will be to using the parking lot, which is the entrance to Heron's Head Park, for entertainment, food and booths for 30 vendors. There will be lots of entertainment, walking tours, bird tours, etc. People can learn more about People's Earth Day by visiting their web site at www.lejyouth.org.

He thanked Port staff, especially Carol Bach. Port staff have been very helpful and supportive in this project in the year he's been at LEJ. It would not be possible to be where they're at without the support of the Port.

Monique Moyer added that there's also going to be tree planting and Hamaya dancers. Next door to that at the San Francisco Bay Railroad, there will also be some exciting events related to the combination of Earth Day and Sunday Streets such as naming goats, etc. Between the two sites there will be plenty of food. She thanked Malik for coming today and, more importantly, for his great leadership.

- Sunday Streets – April 18, 2010 from 10 a.m. to 3 p.m. at Bayview

 This Sunday will also mark yet another Sunday Streets for 2010. It will also start at 10 a.m. It will run from Mission Creek along Terry Francois to Illinois Street to Third Street and down to the bay shore. Anybody who wants to come out can get bicycle rentals for free, which is a great way to see the area. She encouraged everyone to ride their bike over the Illinois Street bridge. There'll be the Eco Center grand opening, but there'll also be other events along the way.

 There will be a children's event at the Third and Armstrong area of the Bayview presented by the Bayview YMCA. There will be pet programs, including the Muttville Senior Dog Rescue. There'll be dancing lessons. There will be roller skating. There will be yoga at the China Basin area as well as martial arts. There will be water programs at Piers 52 to 54. Everyone is welcome to come out to the waterfront and start and end at the new Eco Center.

- Northeast Embarcadero Study Planning Process Meeting – tentative date April 28, 2010

The San Francisco Planning Department held a workshop on February 24, 2010 to release its urban design recommendations and guidelines on the Northeast Embarcadero Study. They solicited public comments through the end of March, including attending the Northeast Waterfront Advisory Group meeting, specific to the Northeast Embarcadero Study.
The Planning Department will produce revised recommendations based on these public comments. They tentatively plan to have a public open house on April 28, 2010 in the Port Commission hearing room at the Ferry Building, in which they'll release their revised recommendations. This date is still a bit tentative, so it may be subject to change. Please check at the Port or the Planning Department Web sites, or call Port staff for an update.

- 2010 Piero Patri Fellowship Opportunity – Third & Cargo Gateway

SPUR and the Piero Patri Family have announced their 2010 Piero Patri Fellowship Project, which will analyze and develop concept designs for a Port site referred to as the Third Street and Cargo Way Gateway Site. This site is boarded by Illinois and Third Streets, Cargo Way and Islais Creek. It's a key site and one that would be very beneficial to have some pro bono design studies.

The Port's been working with the Southern Waterfront Advisory Committee and the Bayview community, and have identified this site as a location to expand the existing gateway of open space created by Port tenants along the Illinois and the Cargo Way area. This site is along the Blue Greenway and is adjacent to the future Illinois Street and Cargo Way bicycle lane improvement.

The Piero Patri Fellow that will be selected will spend approximately three months to complete a concept plan which will include getting community outreach, site analysis, and alternative concepts, and then present a final concept by August of this year. The Port and the community have already been working together on some concepts. Those concepts will be the starting point and incorporated into the project.

The Piero N. Patri Fellowship is a hands-on position for a graduate student or a 2010 graduate in landscape architecture, urban design, or architecture itself. The goals are: (1) to provide career-related work experience; (2) to challenge graduate-level students to contribute to San Francisco; (3) contribute to SPUR's mission; and (4) reflect the values of Piero Patri.

The fellow will be housed generously at AECOM'S offices, so it's a great opportunity for someone who has been studying the field of urban studies, landscape architecture, urban design, or architecture. The Port is honored to, again, be the recipient of that great work. Staff will be talking to the

Commission along the way and will be showing some results of that work at the end of this summer.

- San Francisco Public Utilities Commission North Shore Force Main Replacement Project Status

 The San Francisco Public Utilities Commission is doing work on their large sewer replacement project. One aspect of that project is the North Shore Force Main Replacement project, which impacts some of Port property along the edge of Seawall Lot 351. The PUC's contractor will begin excavation work this week at Seawall Lot 351 near the intersection of Jackson Street and the Embarcadero, towards the northeast end of Seawall Lot 351, as well as along Drumm Street and between Sue Bierman Park and Market Street, which is not Port property.

 This force main is fairly old. It has flooded into the street and into the parking lot several times. It is a high priority for the PUC to repair. The contractor will work regular hours from Monday through Friday, 9 a.m. to 4 p.m. There won't be any weekend work on Port property, although there may be some along Drumm Street. The PUC's contractor will be using a portion of the lot for construction lay down space. There will be a small impact to parking. They are doing so with agreement of Equity Office Partners who holds the lease on that property.

 The Port Planning Division is working with the PUC to establish a shuttle service to the Ferry Building for the Saturdays Farmers Market. We're hoping that the work can be done quickly and not have to continue to impact us as it has been year after year and that accommodations can be made for all of our customers.

- Commendation for Floristine Johnson on her retirement

 Two of our longstanding, most loyal employees, Floristine Johnson and Virna Wu, decided to retire. She's concerned about how that happens while she's not around. They're the unsung heroes of the Port.

 Floristine joined the Port in September of 1990 as an executive secretary. She was at first a provisional appointment and then became a permanent appointment. She started in the real estate division and was quickly assigned to the newly formed planning division which was formed under then Port Director Michael Huerta in 1991.

 Floristine's personnel file contains all kinds of letters of appreciation for her amazing work, teamwork and partnership. Floristine is extremely organized. She's amazingly calm. She's extremely friendly. There's a person in the audience who actually tried to recruit her away from us, but thankfully she was loyal enough to stay with us.

Our ENA should have provisions against recruitment or fines. It's hard to imagine life at the Port without Floristine. She handles so many of our interactions with our community advisory groups. She's most beloved by all of them. She's going to be very lonely in the late evening hours without running into Floristine in the hallway. She hopes that Floristine will be off somewhere beautiful and bright. She asked her to feel free to come back and visit her after 7 p.m. when they normally see each other.

Commissioner Fong read the following inscription on the plaque and presented it to Floristine: Floristine Johnson, in appreciation of your 19-plus years of hard work and dedication at the Port of San Francisco, September 1990 through April 2010.

Paul Osmundson indicated he's a former Port staff member. He congratulated Floristine on her retirement. After he left the Port, he tried to get Floristine to come along with him to the Presidio Trust, and she refused. She said, "No, I like it here." She's very loyal. Everything Monique said about her is true. Monique talked about the creation of the planning division. She's been there the whole time. He congratulated her on her retirement. It's a big surprise, but he's sure she'll have lots of fun.

Diane Oshima, Planning and Development Division, indicated that they're still all in shock, which is maybe why people aren't ready to come to the podium to express their appreciation for Floristine because she is a very special person on a human being basis as well as this super-professional, incredible public servant. She got the planning division set up and has been with all of the staff through the last 20 years or so, keeping them all in order and all the crazy things that they go through. She sits there and watches and keeps them all from completely going bonkers. From her filing to her kindness to her candy bowl to her sense of calm, those are some of the things they will sorely miss. At a personal level, she has had to undergo a lot of health problems, and she does not make a peep about it. She does not complain or impose on anybody. That's the thing that impresses her most of all. She thanked Floristine for all the years. It's been great having her and look forward to having her enjoy the next chapter of life.

Byron Rhett, Planning and Development Director, congratulated Floristine on her retirement and thanked her on behalf of the Port Planning and Development staff for all that she's contributed to the Port. When he started at the Port, the first meeting he had the first day was with Executive Director Wong. He called him into his office. He gave him his vision for the Planning and Development Division, what he thought we should be doing. Probably the most important meeting he had that day was later with Floristine where she explained what her expectations were, how the division should be managed, what he should be doing and that relationship has continued. Whatever level of organization he has, he

owes it to Floristine. It's not a lot of organization but she keeps him in line. He congratulated her on her retirement.

Brad Benson, Special Projects Manager, indicated that there are a couple of people in the Planning and Development Division who are well-organized on their own. We all know Carol and her fabulous binders. Jennifer is pretty amazing as well. The secret is that those planners and the development coordinators, they're not a really organized bunch. Floristine holds it together for that whole division. When you go up to the Planning and Development group and you go into their little conference room, it's also a library, and it really is the Port's memory of all of these projects that we've tried, whether we've succeeded or failed. It's an incredible work to see, and he loves delving through those shelves. The Port is going to become a little bit safer when you're walking down the hallways of the Port. Occasionally you hear this beeping, and you know you have to get out of the way really quick. He wished Floristine well on her retirement.

David Beaupre echoed how much he appreciates Floristine. She's a phenomenal person to have around. She has really helped in keeping Planning and Development and the entire Port organized. She's a file maniac. You can give her years of files and a couple months later they're precisely organized, documented and indexed. She'll be missed for a number of reasons, including that and also being kind of the key liaison between the community and the advisory groups. If people have questions about when meetings are, where meetings are, they're always contacting Floristine. He wished her luck in her retirement. He hopes she is able to get healthy and enjoy retirement.

John Doll, Planning and Development, indicated that he will really miss Floristine. She is a good friend and pal. She's always kept him, like Byron, in line, even sometimes with bad jokes. She would look at him just kind of like, "What is he talking about?" and he appreciates that. She always asks about his family, and she's just a good friend. She will definitely be missed.

Monique Moyer congratulated Floristine on her retirement and asked her to come back, at least for her.

- Commendation for Virna Wu on her retirement

Virna Wu also decided that she's ready to retire after 25 years with the Port. She started with at the Port in January 1985 as a senior clerk typist in the predecessor division to the real estate group. Much like Floristine, the division runs because Virna is actively engaged in making sure that everything is done precisely. She has an amazing organizational skill. She's also extremely mothering, everything from tutoring the new employees to correcting their hems and their lost buttons and a little

seamstress work on the side. She's an amazing hostess making sure the group gets out to lunch regularly as well as bringing in goodies to keep everybody happy and healthy. Virna has an amazing walking knowledge of the tenants and the staff. She's an extremely observant, but quiet person, and she's always a good person to know. Especially if there is something you don't want people to know about you, Virna probably already knows. It's good to make sure that she's happy.

There are a couple letters in Virna's personnel file. One is a letter from then Mayor Art Agnos. Virna was a winner of the city's employee recognition program that was held during Mayor Agnos's administration. She was nominated by her peers at the Port and was the winner.

Several years ago, Virna went back to school and got her B.S. in business management, which she earned on February 29, 2008. She has been at the Port forever. She was here for the last new money bond deal and now for the current new money bond deal. She's been at both ends of the glory and hopefully it will continue.

We will miss Virna incredibly in ways we don't know but much like Floristine, her legacy will exist in our filing cabinets and other places and, for some lucky souls, in their clothing and attire. She congratulated Virna. She knows she will have many careers ahead of her in any of those areas. We look forward to seeing her back here at the Port as often as possible.

President Fong commented that this is a tough day. Who's going to run the shop? President Fong read the following inscription on the plaque and presented it to Virna: Virna Wu, in appreciation for your 25 years of hard work and dedication at the Port of San Francisco. January 1985 to April 2010.

Virna Wu indicated that she is a loyal and hardworking employee who rendered 25 years of service at the Port of San Francisco. Today she's very happy and proud to stand in front of everybody to receive this wonderful plaque. She will show it to her mom. She sincerely thanked everybody for giving her this opportunity. She is fortunate to be given the privilege to announce that she officially retires on May 1, 2010. She decided to retire not because of the Mayor's pink slip but because she wants to stay at home and give 100 percent of care, love, and attention to her mother who is under healthcare treatment. She loves her work and enjoys being a secretary in the real estate department. She enjoys working with all her coworkers as well as working with other colleagues and in other departments during her 25 years of service at the Port of San Francisco. She wanted all her real estate staff to know that they will always be in her heart. She thanked them for their support, help, and for being so wonderful to her in many different ways. She will treasure all the good memories and their friendships.

Susan Reynolds, Director of Real Estate, indicated that she's probably the most affected by this. When she walked into the Port three and a half years ago, Virna was there to guide her through and teach her the ways of the Port. From time to time all of us become either the face or the voice of the Port, and so the projects tend to belong to us. The Real Estate department is blessed with a really good crew, and she appreciates that every single day. It's those faces and voices that you never hear or see that make this place tick. From Virna to Qiao Yi to Floristine to Maria Chen to everybody at the Port, you have to realize how important you are and how much you make this tick, and help us get our work done because we couldn't do those PowerPoint presentations. Virna is the queen of keeping her correspondence from going out with typos on it. Everybody on her staff - Tina on insurance, Warren, David and his parking meters, there's legacies that are being built here. That string of support staff is so important to all of us. They're the strings that keep all the pearls together. She wished Virna and her mother well. She asked her to please stay in touch. She's going to be hard to replace. We'll hire somebody to come in and sit in her chair, but we're not going to be able to replace her. She thanked her for her service on behalf of the Real Estate department and Port staff.

Monico Corral, Property Manager, indicated that he's only been with the Port for two years. He wanted to say a very heartfelt thank you to Virna. They all do a great job, as Susan said. He picked up a couple of her antics whenever he's rushing to do anything, and he catches himself doing it at home. They're all going to miss Virna and he gave her one more hi-ya.

Qiao Yi, secretary for the Real Estate, indicated that she's been working with Virna for 12 years. Virna's a very organized person. Until the last minute that she's leaving, she looked at the files and she's ordering everything. She's afraid that she can't do a better job than she did. She wished Virna good luck and thanked her for all the projects she's worked on at the Port.

Jay Edwards indicated that he's only been at the Port for 10 months or so. Virna has been a tremendous help for what he considers to be probably the most difficult special project at the division i.e. the street performers. She keeps them in line. They look at her as their surrogate mother and they are going to her. He thanked her for all that she's done at the Port.

Monique Moyer wished Floristine and Virna well. We hope to benefit from their work for a long, long time to come. We're surprised and sorry to see them go, but we know they have better things to do. She thanked them for their long years of service to the Port. She asked them to come back and see us soon. A barbecue's coming right up, so we hope to see them.

B. Accept Third Quarter Contracting Activity Report for Fiscal Year 2009/10 for the January 1, 2010 to March 31, 2010 Reporting Period.

Norma Nelson gave Floristine a last beep-beep.

Norma Nelson, Contract Administrator for the Port, presented the third quarter contracting activity report for this fiscal year. This report is due in part because of Administrative Code Section 6.64 which requires quarterly reporting as well as the Port Commission's policy and Local 21's request.

There are four aspect included in the report. One has to do with the highlights of the quarter, detailed contracting activities, projected upcoming contracting activities, and Local 21 staffing changes. The report also includes statistical data concerning the Port's cumulative amounts of contracts and the local business participation.

As reported to the Commission for the last quarter, there were a number of legislative changes that were pending concerning contracting activities. There were basically four areas in which the Administrative Code was being amended to change how we do business relative to contracting. As of February 10, 2010, Mayor Gavin Newsom signed into law those ordinance changes.

At that time she also indicated that one of the ordinances that were being proposed had some outstanding issues that were going to be addressed. In that particular ordinance, they lowered the threshold for allowing a 2 percent bid preference. Previously, as reported, that bid threshold was $5 million to $20 million. The bid threshold was lowered to $400,000 so that it would capture more contracts in terms of applying the 2 percent bid preference.

With that there's another pending legislative change, and that change is being introduced by Supervisor Sophie Maxwell. It's a clean-up language that would add back into the ordinance the applicability of bid discounts for micro-LBE set-asides and for that program.

Given the budget and the general state of the economy, there's been a lot more attention to contracting activities throughout the city. Within the city, there's been an effort underway that includes a committee that's looking at citywide contracting improvement processes spearheaded by the Controller's office.

Over the next few months, there will be other changes in how the city goes about doing contracting. Once that settles down a little bit, staff proposes that we come back to the Port Commission later in the summer with some potential policy recommendations.

In this particular quarter, the goal for local business participation is 20 percent. In this particular quarter, the Port was a little bit under the 20 percent goal, at 10.18 percent.

As has been reported to the Commission over the past several years, the Commission may remember that the type of work that the Port engages in, with it primarily being over the water and maritime related, oftentimes it's difficult for the Port to include local businesses in our contracting activities. As we spread that out over the year, it usually works out because we have some projects that local businesses can participate in and others where they can't.

This quarter we've seen an impact where we've had less contracting. Some of the contracting where we would normally use LBEs, we've been directing more of our work to other city departments, and particularly the Department of Public Works. We have less of that work that's available for local businesses to participate in with our contracting.

In addition to that, the activity that we included for this quarter, a lot of it for the most part includes amendments to existing contracts. Sometimes those contracts include work that has very minimal amount of work that can be performed by local businesses as well. It's for those reasons that we had a contracting participation of 10.18 percent this quarter and did not meet our 20 percent goal for the quarter.

However, also included in the report is a cumulative data regarding the Port's contracting activity. When we incorporated this quarter's activities into the cumulative activities for the fiscal year, the Port still exceeded the 20 percent subcontracting goal to local business enterprises at a rate of 23.92 percent.

We've also incorporated into the report some projected contracts that are coming up. Those are all detailed in the report as well. There will be more of that coming before the Commission when we recommend contract awards in the upcoming quarter.

Commissioner Shakofsky indicated that the Port missed its goal. Norma is claiming that's mostly because of our contract work that we've entered into in the last two or three quarters.

Norma Nelson replied that the reporting is done on a quarterly basis. The reporting period is from January 1 through March 31. For that reporting period, we did not meet the goal but when we look at the Port's contracting activities from July 1, 2009 through March 31, 2010, we have exceeded the 20 percent goal at 23.92 percent.

Commissioner Brandon commended Ms. Nelson and staff for exceeding our goal over the last three quarters. It's unfortunate that this quarter we weren't able to make it. Commissioner Brandon asked about the professional services contract with Xtech for $99,000 and what type of contract it is. Over the last couple quarters, we've given them almost $400,000, and they haven't reached any of the goals.

Norma Nelson replied that the contract with Xtech is an information technology contract. All of the information technology contracts in the city go through the computer store. They're called Coit. The contracts are primarily handled by the Port's IT manager but we don't have a lot of control over the contracting process. The Office of Contract Administration, through the Coit infrastructure, has developed a pool of IT consultants. Those consultants get all of our information technology contracts in the city. The local business participation on those contracts is handled by the Human Rights Commission and the Office of Contract Administration. It's difficult to ascertain the extent of the local business participation on those contracts.

Commissioner Brandon indicated that we have a lot of IT projects coming up and with all of those projects coming up, we have no jurisdiction over how we spend the money and with whom.

Norma Nelson replied yes and no. The no part of it is that the city has already established their pool of IT master contracts. The yes part of it is that it's up to the Port to define the scope of work and services and work cooperatively with the Office of Contract Administration and through the Coit process. To the extent that we are able to impress upon them we want to include more LBE participation, we can do that but it is challenging to do so.

Commissioner Brandon asked if the goals are the laws of the land.

Robert Bryan opined that there may be a complicating factor in that under city law, software licenses and certain software maintenance agreements are not subject to the city requirements. That may help explain why these types of contracts are not helpful in terms of meeting the goals. Generally, professional services that are being provided by these kinds of service providers would be subject to it but if it's software license or software maintenance, it wouldn't be.

Commissioner Brandon asked if that's what this is. Robert Bryan replied that he doesn't know for sure but he's throwing that out as that may be a confounding factor.

Norma Nelson added that a lot of the IT contracts that the Commission have been seeing may be Oracle software upgrades which explains what Robert just mentioned.

Commissioner Brandon asked what we need to do because there are several local business enterprises that deal with IT. The reason we're saying we're not meeting our goal this quarter is because for maritime, we're specialized, IT is also specialized, but there are lots of vendors that do IT. She's trying to figure out how or what we need to do differently.

Norma Nelson indicated that she can have further discussions with our IT manager and the Office of Contract Administration to see what it is that we could do and report back to the Commission.

Commissioner Fong asked if Commissioner Brandon would like staff to look further into that specific area.

Commissioner Brandon replied affirmatively because we have more than $3 million worth of contracts coming up for IT.

Monique Moyer indicated that we have one big contracting project ahead of us, which is the purchase of an inventory maintenance program as we've been discussing now for a couple years since the Controller's audit. The process for that is prescribed outside of the Port. As Norma mentioned, there's a point where we can break down the scope of services in a way where LBE's can participate. She has observed that in the broad application purchases, that's very hard to break down and move forward and maintain it. She noted that there's a lot of discussion happening citywide on centralizing technology control even further in the Department of Technology, which could have impact on the Port as well. Susan Kearney, the Port's IT Manager, is working tirelessly to make sure that the Port has a voice in that process but currently, there is quite a bit going on. Staff will come back to the Commission to provide more information.

Commissioner Shakofsky asked about the shortfall in this quarter because of the local contracting in government services. She asked if that is due to the lack of local business entities that could perform those same jobs.

Norma Nelson replied that it is not. We are transferring a lot of our work to other city departments. Some of the work that's being transferred to other city departments typically would be work that the local businesses would perform. With the work being transferred to other city departments, it's no longer available to contract it out.

Monique Moyer added that the city process has always been that the city first looks at what work can be done in-house. As Norma pointed out earlier, because there is a lot of slowdown citywide in work, there's more capacity within the city workforce than there has been in previous years. Workers are available in other city departments, primarily the Department of Public Works, to work on a lot of our construction/capital projects. That's sort of the city's litmus test. It has to first be offered there, then outside.

Commissioner Shakofsky indicated that it seems difficult that we're being penalized by not meeting our goals when we're following the city's rules; it's a Catch-22.

Monique Moyer indicated that it's the specialized work that has to go out of house. As Norma pointed out, it gets harder to find LBEs that really specialize

in that kind of work. It's one of the reasons that we didn't have this item under consent this time because we are seeing that impact. Hopefully going forward we'll be able to mitigate it and meet our goals on the yearlong test, but the city's reporting requirements are to report quarterly.

Commissioner Shakofsky asked about the mandate or suggestion that we're supposed to use internal city services first before we contract out. She asked if that is included in any code.

Monique Moyer replied that often when we bring a contract to the Commission, it will say that we received approval from the Civil Service Commission before we bring it to the Commission to authorize the RFP or whatever we're going to do. It's the City Civil Service Commission that has jurisdiction to hear whether the item is appropriate for internal or external work. If you wanted to look up a code, that's where you would look but there's also been some overall policies. For example, you may recall the discussion we had this time last year on how to handle our cruise terminal project at Pier 27 where we elected to have the Department of Public Works be the project manager. In a busier year, they might not have had the capacity, and we might have had to go out of house.

8. CONSENT

A. Request authorization to advertise for competitive bids for Contract No. 2738, the Pier 19 Roofing and Minor Dry Rot Repair Project. (Resolution No. 10-20)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-20 was adopted.

9. MARITIME

A. Request adoption of the Port's Maritime Excursion Lease Renewal Policy that establishes internal guidelines for extending the terms of maritime leases for the berthing and operation of excursion vessels. (Resolution No. 10-21)

Commissioner Rodney Fong recused himself on this item and turned the gavel over to Commissioner Shakofsky.

Peter Dailey, Deputy Director of Maritime, presented the Maritime Excursion Renewal Lease Policy, which henceforth will be called "the Policy."

Tourism is San Francisco's leading industry. The Port is the embarkation point for waterborne tours in and around San Francisco Bay that serve millions of visitors annually. One thing he doesn't like about having the cameras on in these meetings is that we have to put a barrier up over the windows, because we have such a great view of ferry boats and excursion boats. Sometimes, we take them for granted.

If we combine our excursion businesses such as the Alcatraz tours, ferries, and our passenger cruising, San Francisco is California's leading passenger port with over six million passengers embarking or disembarking annually across our piers; hence, the name Embarcadero.

Port excursion operators and ferry operators are important tenants of the Port and provide significant transportation benefits, emergency preparedness options, and substantial economic impact for the city. The Port values our longstanding relationships with these maritime customers, and we're proud of the outstanding maritime transportation services the tenants provide.

A few months back, the Port Commission received an informational presentation on this proposed Policy. At that meeting, several of our excursion customers expressed their concerns and questioned such a policy would have on their businesses. Subsequently, the Port has held numerous discussions with our tenants and presented the Policy to the Maritime Commerce Advisory Committee for their review. As a result of these meetings, the staff has clarified portions of the Policy, and the result is the document before the Commission today for consideration.

The Maritime Excursion Lease Renewal Policy pertains to the Port's maritime leases with tenants who provide waterborne excursion or ferry activities. This Policy is a guide for current Port excursion operators seeking long-time excursion lease renewals. The Policy mimics the already Commission-approved retail leasing policy.

It's acknowledged that maritime excursion tenants are required to provide a high level of private investment for such things as landing facilities, vessels, and other necessary equipment in order to operate successfully. This Policy is intended to ensure that maritime excursion leases are equitably administered, fairly regulated, generate revenues to the Port and its business partners, and serve the San Francisco residents and visitors. The Policy is not intended to restrict the Executive Director's authority to make any decision deemed in the Port's best interest.

In essence, the Port will consider proposals to renew maritime excursion leases that include term extensions only within the final five years of a current lease, or in the event that a tenant proposes tenant-financed maritime use expansion or other improvements. The Port will not consider modifications to use provisions for a current lease if the modifications exceed the existing proportion and character of current leases.

The Port reserves the right to approve discretional use of any specific Port location or excursion service. A tenant looking for an extension has to be a tenant in good standing according to Port policy. Capital improvements will need to be at the tenant's expense and completed in a timely manner. Any lease renewal will, of course, be reviewed and approved by the Port Commission and, if required, by the City Board of Supervisors.

Any lease renewal will be formulated at market rent based on available industry comparables and site history. The Port, as we do now, will charge participation rent on concession revenues, including retail sales including sub-tenants. The tenant will disclose all gross revenues, and the Port will have the right to conduct periodic audits as we do now.

The Port may participate appropriately in proceeds from the sale, transfer, assignment, and refinancing of the Port leaseholds as specified in the current Port Commission lease boilerplate. The Port will retain the right to approve all ownership and capital changes. The Port Commission reserves the right in its sole discretion to modify or waive any portion of this Policy.

If ratified by the Port Commission, this policy will be put in place as of May 1, 2010. We've gained a consensus with our operators on the understanding of the Policy. It gives them a blueprint going forward. It protects the Port's interests. As a maritime deputy director, it protects our maritime interests. Someone cannot turn a maritime operation into a non-maritime operation and that's a vital issue for the Port.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 10-21 was adopted.

10. PLANNING AND DEVELOPMENT

A. Informational Presentation on the Design Program of the Pier 27 Cruise Terminal and Open Space.

Kim von Blohn, Project Director of the Pier 27 Cruise Terminal project, presented a brief history and summary of the project's progress to date. John Davey of the Maritime Department will discuss the marine design of the terminal and provide an update of the shore power project. John Doll will summarize design options, the open space program, and the plan to move forward.

Kim von Blohn, indicated that in September 2007, Mayor Gavin Newsom's Blue Ribbon Cruise Terminal Advisory Panel recommended that the Port develop a new primary terminal to meet the increased demand for cruise ships and enhance San Francisco's reputation as a world-class waterfront city and tourist destination. Pier 27 was selected because it represented the most cost-effective and operationally efficient location on the San Francisco Embarcadero. Embarcadero is a wharf key. It's a Spanish word meaning a place to board a ship, which is what we have.

In February 2009, the Port completed the Pier 27 Cruise Terminal Conceptual Site Planning Study. This study determined it was feasible to move the project forward based on the following general objectives. Build a terminal that meets industry standards, is user-friendly, and operationally efficient, create the

northeast plaza and additional open space that is accessible to the public, and devise ways to generate revenue to the Port through special event use and retail space. Special event use is when the terminal isn't used for marine operations. This is a fairly unique terminal in the world i.e. most of the terminals are not in the center of the city. This is a very special situation for San Francisco to have it in the center of the waterfront.

The specific recommendations of the advisory panel included converting or replacing the Pier 27 shed into a vibrant, year-round cruise terminal and community asset, ensure the cruise terminal will meet evolved security and efficient passenger handling demands of the cruise industry. The cruise industry is extremely focused on the passenger experience. This begins from the moment they hit the curb at the terminal to going on the ship and then reversing that process to when they leave the terminal. One of the factors in terminal design, it's as if ten 747s landed at the same time, and everybody had to process through one terminal. Efficiency and quality of the experience are very important.

Reconfigure the cruise terminal to allow for meetings and special events when it is not occupied for cruise purposes. This is a chance to bring in money to the Port for other purposes. Develop a major two-acre open space area known as the Northeast Wharf Plaza between Embarcadero and the cruise terminal so city residents and visitors will be able to enjoy the experience of cruise ships, maritime activity, and views of the Bay and Treasure Island.

Build and manage the cruise terminal to the highest feasible environmental design standards in accordance with at least a gold LEED certification level. We strive for gold. We are required to get silver, and we're going for the gold. Create a cruise terminal which will provide an ongoing stimulus to San Francisco's economy by attracting visitors and contributing tax revenue to the city's general fund.

All the key parts of our project team are currently in place. The Port is partnering with the Department of Public Works to provide project management and support regarding programming, planning, design, and construction services. DPW's been on board with the Port. Through DPW, we issued an RFQ for an architectural engineering consultant who is also on board, KMD Architects and Pfau Long Architecture in conjunction with Bermello Ajamil and Partners. They started their work in January in the programming phase. Bermello brings the experience of probably at least 30 of the most recent designed terminals in the world.

They've recently completed the programming stage of the project, which is to non-architects it's a design basis. In other words, what are we going to design going out from here? The next stage will be the conceptual design which should be completed sometime this summer. That will be followed by the schematic phase which is preliminary design. After preliminary design is

completed, DPW will come in with their engineering team and grind out the details of the engineering part of the project. They'll be overseen by the architectural engineering consultant to make sure it fits in with the program.

During the programming phase, we conducted investigations of the substructure and the superstructure. He's happy to report that we don't have any nasty surprises. The Pier 27 substructure and superstructure are in relatively good condition with some exceptions at the marginal wharf. The 1,300-foot-long-by-50-foot-wide apron is exceptionally good for support of the next generation of cruise ships. The large span column bays which span 173 feet across are ideal for maximum flexibility for configuration of a cruise ship and also special event spaces, although it will need some seismic bracing to meet the current seismic codes.

The existing Pier 27 shed walls are concrete tilt-up walls, which are not part of the seismic structure of the facility. These could be removed or replaced with glass curtain walls which would provide fantastic views of the Bay. There's also ample space between Pier 27 and Pier 29, called the valley, which can be configured for ground transportation for the cruise terminal operation, and also an area that would provide support space for meeting and special event use.

Part of investigating the existing conditions was meeting with other stakeholders in the terminal, including the Coast Guard, Customs Border Patrol, and the bar pilots. The bar pilots had some good suggestions about improving operability of the terminal by increasing the dredged area between Piers 27 and 23, and this is already part of a maritime project, and also providing some fendering at the end of Pier 27.

We're going to commence docking simulations in early May. This is where the pilots will come to a simulator, like an airplane simulator, only it's for ships, where the tidal conditions, the waves, the currents are all input. They have the simulator that's actually running the ship. We'll be doing two different ships under a variety of conditions to understand the operability and improve their knowledge of how to get in and out of the terminal.

Lastly, there's the budget. We have a $60 million budget, which is a challenge for such a large project as this but we have a very good team. We have creative architects. We also have the opportunity where revenue-generating components like retail and shared meeting and special events place could provide some benefits that would allow us to increase the capital budget if necessary.

John Davey, Maritime Division, indicated that the first slide shows the stern end or bow end. The picture of Pier 35 is a nice eye-popper. Part of shore-side power is the vessels out in the fleet right now that are set up to go coal iron and have the rail all set up on the port side. So at Pier 27, that means they all have to come into the port side.

One of the initial challenges we have in programming this at Pier 27 is setting it up so you can work the ship in either configuration, whether it's stern end or bow out. This diagram, which was a key diagram in moving forward to the shore-side power, shows a lineup of vessels. We're not going to dredge them out that deep. Their configurations and the lines that show where the shore-side power connections are and where those red squares are the boarding hatches that we have to line up with the gangways. With shore-side power, when you get near electronic equipment, the cord's never long enough. The cord on the shore-side power is really short. It drives the whole lineup of the vessel. This is a very key document, about how we're going to have to spot the vessels and, in turn, how we can set up the gangways.

The green line shows the sweet spot of the terminal where the gangways would line up because we're going to go forward in using a mobile elevated-type gangway. This diagram was very instrumental in allowing us to really narrow down and put the X on the concrete where we're going to put the davit cranes for the shore-side power.

That triangle also shows the area of the public plaza and it will allow the vessels to be further out the pier so that we encroach as little as possible into the plaza way. Although, the plaza part will have to be closed down for security measures and, in part, will also be dominated by stores and baggage handling when those vessels that are hooked to shore power are in stern end.

Performance standards were put together in the first couple workshops with Bermello Ajamil. The performance standards are talking about what sort of timeframes and what sort of numbers of people, how we want to go about setting up the terminal so that it can provide passengers with the optimum experience, which is getting through the terminal or getting out of the terminal.

In the operational cycle, the disembarkation, we want to be able to handle all that. In other words, everyone that needs to get off the ship will be off the ship within three-and-a-half, three-and-three-quarter hours. The people will be able to embark the ship within a five-hour period, basically in the afternoon. The total time in the terminal, which is the really more important part, that 90 percent of those passengers will be from the street onto the ship within 30 minutes.

During embarkation, 90 percent of those passengers will only be in the terminal for 14 minutes. In other words, from the time they step out of their delivery transportation to the time that they're walking across the gangway on the ship, we hope to have them on in 15 minutes. This drives the size of the terminal, the number of check-in locations, literally the widths of the corridors and the sizes of the gangways.

Queuing, which means the time that people spend waiting to get checked in, waiting to go through the x-ray, waiting to go through any other types of

processes, no person would spend more than five minutes in any one of those locations. These overall performance standards are generally consistent with the performance standards at the current Pier 35 cruise terminal. We believe they're very achievable. Bermello Ajamil indicated that these are very much the standard in all the terminals that they've designed in some of the most popular transit locations in the world.

Part of the project is to build what a mobile elevated gangway. We use a combination of our stevedoring company's gangway, that would be the larger gangway with that blue canopy on it, and then the ship's gangways, which are the smaller gangways. Aside from the fact that they're relatively steep and antiquated in terms of their methods of being put in place, the ships gangways are relatively low heights. At low tidal ranges, we oftentimes lose those gangways. In other words, they go below the deck, so we can't use of them.

Mobile elevated gangway systems, as shown in the pictures, the top one is in Boston, and the lower one is in Port Everglades. They keep the slope within the ADA standard requirements at minimum slope. They're generally enclosed and will be enclosed to give passengers weather protection. They're self-adjusting for the tidal range so we don't have to get out there with forklifts and move things around. They all have computerized sensors and redundancies so that they automatically adjust.

Most importantly, they separate the passengers from the vehicles and all the activities that are down on the dock. The passengers don't have to actually get into the working end of the operations. It's important for their experience but it's most important for their safety.

He showed a couple of photos of the Sapphire Princess. It shows that when a vessel's bow end is in, it will be oriented out towards the end of the pier. It's a very intense operation. It pretty much takes place throughout the entire stay of a vessel's call. Everything is loaded up. He doesn't have a good picture of baggage being loaded, which is in many ways the largest number of moves.

Once we set up the shore-side power, and we have vessels that have to come stern end, all that activity and all that material are going to be flipped and down towards the street and the area towards the plaza. Pier 27, with its very wide 50-foot stringer, provides a lot of space to do that. With the mobile overhead gangways, we'll be able to move up and down the dock with all that without getting or crossing the paths of the way of the passengers. Once again Bermello Ajamil tells us that 50-foot is really an optimum length. We're graced with having out of the box a really optimum-width-size stringer.

We're in the very high-level programming phase for the vehicular options. One of the features that Pier 27 has is the valley. That's the triangular area between Pier 29 and 27. One of the real big challenges at Pier 35 is we can't get vehicles into the pier. We have to do all that transfer out on the street.

With the valley, we'll have the opportunity to transit all that off the street into the terminal and create dedicated areas for the basic types of transportation.

There are four types of vehicles that come to the terminal. The provisioning trucks would run along in that lavender line all the way down to the end of the pier. Even when we had it reoriented, they would run to the end and then come back down the stringer. The other three types would be buses, taxis and limousines, and people's private vehicles.

One of the things that we are trying to maintain is to minimize the amount of vehicular traffic that crosses over the promenade. Even though there are nine curb cuts between the start of Pier 29 and the end of Pier 27, we want to try and narrow that down to just one so that we can minimize the amount of disruption to the promenade which has turned into a pedestrian feature of the waterfront. This is another idea of how we might go about doing that, creating two loops where the loop closer to the street would be for the buses and taxis, and the other loop would be for the passenger vehicles.

John Doll, Planning and Development, indicated that there's also a fourth member. Part of the Port team is Dan Hodapp. Dan is somewhere in France probably sipping wine at a café or maybe sleeping off the wine that he was drinking at the café.

John Doll indicated that this project has three components. John Davey and Kim von Blohn indicated that a lot of the work so far during this programming phase has been on the cruise terminal portion. We have a pier shed that is currently 220,000 square feet. Part of the 56,000 square feet of that shed will be demolished to create the Northeast Wharf Plaza, which leaves 164,000 square feet of pier shed.

The design team, over the next few weeks or months if necessary, will develop options. One primary goal is to make this an operationally and cost-effective cruise terminal for the Port. They have come up with, on a preliminary basis, a cruise terminal size of about 80,000 square feet. This would accommodate, by and large, 2,200 passenger cruise ships, which is generally what we get now, and then at peak loads of about 4,400 passengers, which would be some of the largest passengers that would come to San Francisco.

If we had more money, we would build more space but we are trying to live within our means. We have 164,000 square feet of pier shed. What the design team will have to figure out is to create one portion of the shed which would be used to either rehab the existing terminal for 80,000 square feet or conceivably from a due diligence point of view, demolish that and create a new facility if it is less costly.

From a Port staff point of view, we would generally prefer the former of trying to retain as much pier shed as possible but we want to give the design team

flexibility during the next few weeks to prove a case that maybe it would be a less expensive and overall better project if they were to build a new terminal. However, the northern portion of the shed would remain as is. As is would mean where it says as is, and we would use that for provisioning.

Graphically, the blue portion is the Pier 27 shed. We would potentially divide it into two different portions. The lower portion of it would be the marine terminal. Based on what John Davey was saying about trying to find out where the sweet spots are with regards to lining up the ships, we're basically building outside in, basically from the ships to the terminal. That will be the primary focus of where the cruise terminal is going to be situated. The northern portion, the portion out towards the Bay, would remain as is. That could be as much as 80,000 square feet that would be used at least, at minimum for provisioning purposes and potentially for special events.

There are three components; one is the cruise terminal. The other two components are the public spaces and the revenue-generating uses. For the public spaces, 56,000 square feet of the pier shed area will be used to create the Northeast Wharf Plaza, which is seen as a major open space project. It's certainly a prominent feature within the Special Area Plan and the Waterfront Land Use Plan.

We also believe that we can go further in terms of providing public space for this project by looking at the northern portion of where Piers 27 and 29 come together. There are some incredible views. There's potential of that being used as well as for public space as long as it's not a cruise ship, as long as it doesn't disrupt cruise operations and it meets security requirements.

The other portion is the pier apron which could be used for public space. The down side is when a cruise ship is in berth, there's going to be federal security requirements that are going to prevent that. On days when cruise ships are not in, conceivably we're going to work towards a goal of having that available for public space. Imagine that we're going to have two different components on that apron. We're going to have the shore-side power equipment on that apron. We're going to have these elevated mobile gangways that somehow will have to be protected. We have to protect our investment as well.

He showed a slide that shows the view from Telegraph Hill, from the two-block long Lombard Street. It gives a sense of where you would be, what kind of views you would have from the pier, from where the Northeast Wharf Plaza would be as well as from along the apron and the end of the pier.

The view is of Yerba Buena Island, Treasure Island. If you're at the tip, you can see a little bit of Angel Island and Alcatraz. This represents what we currently have there. With the demolition of the front portion of Pier 27, it will look something like this. So this would be a major waterfront park for the Port.

On the revenue-generating uses, the third component Kim mentioned earlier, we are striving to use this facility more than just a cruise terminal facility when cruise ships are here, but make it an everyday use, especially when cruise ships are not in. We've been thinking about two different ideas: One is to have ancillary retail and restaurant uses either within the pier shed or conceivably as a new facility along the Embarcadero. Within the cruise terminal pier shed, we are looking for special events usage. Although we haven't explored it a lot at this point, those uses could either be in the waiting areas and the baggage claim area within the terminal. Alternatively, we could use the as-is provisioning space, although that raises some other additional problems. Potentially we could use that end for special events as well as the valley. The valley could spill over for special events. Locations will be determined during the design process. We haven't done any design. We're trying to do some programming.

He showed a picture of a cruise terminal facility in Australia and Sydney. It's interesting in the sense that when a cruise ship is not in berth, you see people along the apron. There are tables there. There's a restaurant there. It seems to be a nice place. There's a glass wall that you could use. It makes it a very transparent type of terminal. Towards the left of the picture, there is security fencing. Something like this would be potentially what we would use for this project. Along the apron and part of the plaza, there will have to be security fencing for when a cruise ship is in. There will be fencing which will close off to restrict people walking by and so forth. When a cruise ship is not in berth, we can open up the gates. We can have something like this where people can make use of the apron.

In the next few weeks, we will be looking at these design options. The design team is going to prepare a series of design options, a cruise terminal which would be a new facility versus a rehabbed facility, and then start working on these other components with regards to retail, restaurant, and special events. Over the next few weeks or months, we will be working on this. We expect to come back to the Commission in July. The design team will present the Commission with at least two different options. Those options will have a number of variations as well.

We will have substantial public input. There is a steering committee which has been established. We will be meeting on May 6, 2010. Every time we get a work product, we digest that material first. We will come to the Commission first for that information. We will use the steering committee to get their input as well. Then we will go to different groups and different advisory groups. We will go to NEW AG, to MCAC and work with the DRB/WDAC. There will be a number of public workshops over the summer. We will strive for a number of public input opportunities throughout this process.

As Kim mentioned earlier, we are commencing with the conceptual phase over the next few months. We hope to get to a preferred conceptual option sometime in the fall, potentially in September, maybe October depending on

how things go. We would love to begin the schematic phase at that point and try to finalize the design and engineering by the end of 2011 so that we can commence construction by 2012 and have this project operational by 2014.

Commissioner Rodney Fong indicated that he's been asked by many people about this project. The public is very excited about this. Obviously we're in the first phases of it and that's all he will tell them but it's exciting and it's fascinating to hear about the shore power in the port side versus starboard side, like a car. He asked if there's going to be a standard or will there eventually be two different pump accesses on both sides to make sure that we're compliant with whatever the future brings for cruise ships. On the event side, he's very excited about the possibilities. He and Commissioner Shakofsky have discussed this as being an important component of the success of this terminal. He's excited about the dollars that it will bring outside of the Port to taxicabs and generation of restaurants and all the other services from the tourism industry and hotels as well.

Commissioner Shakofsky asked some questions about the special events. She asked if the plan is to use the existing shed and not build a new one.

John Doll replied that one option will be to retain the existing Pier 27 shed, mainly because it's in pretty good shape. Although, as Kim mentioned, some seismic strengthening will be required.

Commissioner Shakofsky indicated that we're lopping off its front end because we promised somebody a plaza.

John Doll replied that in the agreement with BCDC in order to create the Northeast Wharf Plaza, we would create a two-acre open space area.

Commissioner Shakofsky asked why we have to do that and was it in our plan.

John Doll replied that it's in the Waterfront Land Use Plan and the BCDC Special Area Plan. There's been a longstanding plan that when we create something at Pier 27-31, we would at the same time create a Northeast Wharf Plaza, similar to the Brannan Street Wharf in the South Beach Area.

Commissioner Shakofsky asked if it means taking some of the structure down.

John Doll replied that it does but what has been demonstrated is that we only potentially need, at least at this point, 80,000 square feet of the existing shed. Currently, there's 220,000 square feet. We may want to use it for future expansion of the terminal as ships get bigger but we have ample space to do both. We have a commitment to do both the maritime mission in terms of creating a new cruise terminal, as well as satisfy local constituents with regard to creating a public open space along the waterfront. We believe that both uses can be complementary.

Commissioner Shakofsky asked if the provisioning area is where people will gather their luggage.

John Doll replied that the provisioning area is to provide stores for the cruise ships for equipment, supplies, etc.

John Davey added that provisioning is providing all the beds, mattresses, cameras, food and beverage and everything to get on the ship. We bring those in, unload them from the trucks, stage it and load them onto the ships and it's also an area for the baggage.

Commissioner Shakofsky indicated that she's having a hard time seeing where we would have an event center.

John Doll replied that it remains to be seen but when a cruise ship is in berth, the facility is for cruise operations. When a cruise ship is not in berth, we have an empty facility. Special events could be, depending on how it's designed, in the waiting area. It could be in the baggage claim area within the terminal and then potentially it could be in the provisioning area as well. Once we have some design, we'll be able to show what those other spaces, what the square footages would be.

Commissioner Shakofsky indicated that she just came back from New York and took a tour of Chelsea Piers where they have event centers at the end of two of their piers. They're completely dedicated to event centers, and they are booked solid every day for the next three years.

John Davey indicated that they don't have cruise ships docking there. Up until 1991, they have their cruise terminal. They had a fabulous event this past year where a famous designer had their opening fashion show right in the baggage area of the cruise terminal. That's the kind of event we're talking about. It's challenging to envision this without seeing some more concept drawings of what the building might look like. When we take down the front of that building, there's going to be potentially a nice glass front that'll face onto that plaza. It'll be very inviting to draw people in. As Kim indicated, we can take down those stone sides of the building now and put in a glass front which will create a very inviting event. Even our current cruise terminal at Pier 35, we've had some pretty interesting events inside where they've been able to use the open space and some of the second floor areas that have the views. Event planners can do incredible things and take a space that's very industrial looking and two hours later it'll be a nice place. We've been in discussions and conversations with Moscone Center and other people.

Commissioner Shakofsky indicated that they'll book things out years in advance for that. With these cruises, we don't get six months on a lot of the port calls.

John Davey indicated that another thing we found was that a very popular part of event culture is also what they call the after party. Where there might be a large convention that is booked years and years in advance, but subsets of that are looking for a hot spot to have their after party. This is the kind of thing that we could book on short notice and actually get higher dollar for the square footage space out of that kind of a use.

Commissioner Fong asked if partitioning of that area would be considered depending on the size of the group if it's an after party, or maybe run two different parties at the same time, or events at the same time to shrink or enlarge the space.

John Davey replied that could potentially be done.

Commissioner Fong inquired if there are any other examples of cruise ship terminals in the world that also double as either event space or meeting space just to see if there's another example of where that might happen.

John Davey replied that Pier 64 in Seattle, their existing cruise terminal is a combination event and convention space. Pier 64, Bell Street terminal in Seattle is a good example of that. Another place would be Vancouver. It does a lot of multi-use space. We've successfully done events at Pier 35. One of the drawbacks of Pier 35 is it's not a well conditioned space. There's no heat. There's a big overhead just to bring in the heaters to do that sort of thing but there's been some really nice parties at Pier 35.

Commissioner Brandon commented that this is a very exciting project. She's looking forward to the conceptual designs and the revenue-generating opportunities first and foremost. She's going to cross her fingers, knock on wood, and pray that three times' a charm and we're successful in this endeavor. She's sure we will be because we're doing it ourselves. Commissioner Brandon thanked staff for the great work.

Monique Moyer indicated that the industry took us seriously when we sold those bonds. Because up until then they had the same, "Yeah, heard you before."

Commissioner Hardeman felt the same way as Commissioner Brandon now that we're actually going to start it. They'll get more excited when we do the groundbreaking ceremony.

President Fong also thanked DPW. The Port has had the pleasure of working together with DPW on another project. He's looking forward to this new project.

11. NEW BUSINESS

12. PUBLIC COMMENT

Veronica Sanchez, on behalf of the International Organization of Master, Mates and Pilots and the Inland Boatman's Union of the Pacific, indicated that she's very excited about the projects presented today, certainly the cruise terminal project which is going to be worked by the ILWU, and also for Mr. Dailey's hard work on the Maritime Excursion Policy. Both of the unions over the last two months have been battling it out to try to preserve our Bay cruise business, our union companies, Blue & Gold, and Red & White. At risk is the Bay cruise business. Because we have a new operator now in the Bay cruise business, Alcatraz Cruises.

Since 2007, it seems that Alcatraz Cruises was informally operating Bay cruises out of Pier 31½, taking the passengers that couldn't get tickets to Alcatraz. They requested to the National Park Service to expand that business, to increase it, to promote the business to tour operators, etc. Yesterday, the two unions and a representative of Speaker Pelosi's office met with the Park Service. They learned that the Park Service refused their request to expand the business, but is granting Alcatraz Cruises the ability to operate three Bay cruises out of Pier 31½ when Alcatraz cruises are sold out. They don't want that to happen at all. They have good union jobs. That certainly is within the Park Service's prerogative. She introduced into the record the letter from the Park Service to Alcatraz Cruises citing the conditions for this operation.

She brought this issue up to the Port because of the revenue opportunities. This is certainly a revenue and an opportunity for the Port. Since this cruise operator is doing business on the waterfront, the Port should share in the proceeds of these Bay cruises. Since they've been doing it since 2007, maybe there's an opportunity to look back and make sure that revenue has been captured by the Port. Since it seemed to be happening on an informal basis, she does not know if it was reported by the operator. There are currently three cruises. Their unions will be monitoring this situation to make sure that working conditions are met and they look forward to any assistance that Port staff can provide in making sure that they stay within their bounds. Because they're not bringing in any new customers to the Bay cruise business, they're poaching our business.

13. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Shakofsky seconded the motion. All of the Commissioners were in favor.

Commission President Rodney Fong adjourned the meeting at 5:10 p.m.

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETING

THE APRIL 27, 2010 PORT COMMISSION MEETING HAS BEEN CANCELLED

The Next Regular Port Commission Meeting is scheduled on:

TUESDAY, MAY 11, 2010
2:00 P.M. – CLOSED SESSION
3:15 P.M. - OPEN SESSION

The meeting will be held in the
Port Commission Hearing Room
Second Floor, Ferry Building
San Francisco, CA 94111

San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

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